

JPRS-LAM-85-036

26 April 1985

Latin America Report



FOREIGN BROADCAST INFORMATION SERVICE

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

26 April 1985

LATIN AMERICA REPORT

CONTENTS

INTER-AMERICAN AFFAIRS

Commentary on Importance of Febres Cordero's Visit to Cuba (Havana International Service, 7 Apr 85)	1
Briefs	
CAF Credits	3
Ecuadoran President's Visit to Cuba	3
Betancur's Trip Viewed	3

ARGENTINA

Spanish Political Leader Supports Malvinas Stand (BUENOS AIRES HERALD, 9 Apr 85)	4
Court Complains About News Coverage of Junta Trials (NOTICIAS ARGENTINAS, 8 Apr 85)	5
Tucuman Police Protest Nonpayment (Various sources, various dates)	7
Police Remain in Barracks	7
Conflict Solved	7
Briefs	
New Economic Package Previewed	8
Pertini To Visit Cordoba	8
Rights Group Announces Mobilization	8
New Navy Area	9

BOLIVIA

29 Parties Register for Presidential Elections (EL DIARIO, 14 Mar 85)	10
PDC Faults Communist Party for Blocking Economic Proposals (PRESENCIA, 15 Mar 85)	13
Osinaga, Chiriquie Refute Coup Plotting Charges (PRESENCIA, 15 Mar 85)	15

EL DIARIO Criticizes Conduct of 'An Ambassador'	
(Editorial; EL DIARIO, 28 Mar 85)	17
Briefs	
Red Flag Protest	19
General Elections Opposed	19
UK To Increase Aid	20
Serrate on Foreign Debt	20
 BRAZIL	
Conflicting Approaches Among Economic Team Members Seen	
(VEJA, 6 Mar 85)	21
Briefs	
Floods in Northeast	25
 CHILE	
Opposition Leader on Regime's Repression	
(Carlos Gonzalez Interview; Havana International Service,	
4 Apr 85)	26
Briefs	
New Ambassadors Received	28
Region Intendant Resigns	28
Accords Signed With Ecuador	28
 COLOMBIA	
Various Diplomatic Changes Announced by Foreign Ministry	
(EL TIEMPO, 16 Mar 85)	29
Economist: Current Policy Leads Inevitably to Bankruptcy	
(Jorge Child; EL ESPECTADOR, 17 Mar 85)	31
Decree Gives Budgetary Supplements for Expenses, Investment	
(EL SIGLO, 20 Mar 85)	35
Briefs	
ISA, ECOPETROL Receive Credits	37
New Vice Minister of Mines	37
Ambassador to Vatican Resigns	37
 CUBA	
Briefs	
New Ambassador to Cyprus	38
 DOMINICA	
Opposition LPD Wants Outside Election Monitoring	
(TRINIDAD GUARDIAN, 1 Apr 85)	39

ECUADOR

Briefs

Ecuadoran President Visits United States	40
'Emergency Zones' Declared	40

GUATEMALA

Government Signs Contracts With Oil Companies	
(Alejandro Contreras Bonilla; Guatemala City	
Domestic Service, 28 Mar 85)	41

GUYANA

Missionary Describes Cuban Militarization of Country	
(TRINIDAD GUARDIAN, 27 Mar 85)	43

MEXICO

Quintana Roo Naval Facilities Constructed	
(EXCELSIOR, 4 Mar 85)	44

Briefs

CONASUPO Rural Outlets Planned	45
Salvadoran Rebel Representative Speaks	45

NETHERLANDS ANTILLES

Government-Funded Study Finds Curacao Refinery Profitable	
(ANP NEWS BULLETIN, 25 Mar 85)	46

NICARAGUA

Youth Groups Form Coordinating Board, Back CDN	
(LA REPUBLICA, 22 Mar 85)	48

PANAMA

Briefs

Technical Agreement With Brazil	49
---------------------------------	----

PARAGUAY

Liberal Party Official Summoned by Police	
(ULTIMA HORA, 20 Mar 85)	50

Stroessner Denies Mengele's Presence in Country	
(AFP, 9 Apr 85)	51

Briefs

Colorado Student Factions Exchange Insults	52
Exiled Writer Scores Stroessner	52

PERU

Havana Quotes Peruvian Paper on Ayacucho Killing (Havana International Service, 1 Apr 85)	53
--	----

Briefs

Oil Exports Down	54
Fishermen To Continue Strike	54

TRINIDAD AND TOBAGO

Paper Raps Regional Animosities, Calls for Friendly Hand (Editorial; TRINIDAD GUARDIAN, 16 Mar 85)	55
---	----

VENEZUELA

Trade Agreement With Soviet Union Viewed (EL NACIONAL, 15 Mar 85)	57
Reduction in 1985 Investment Program Causes Concern (Bernardo Fischer; EL UNIVERSAL, 7 Mar 85)	59
Possibility of Economic Recession Underlined (Rene Quevedo Pachano; EL UNIVERSAL, 8 Mar 85)	63
New Appointments at Foreign Ministry Reported (Gustavo Wanloxten; EL DIARIO DE CARACAS, 14 Mar 85) ...	66
CTV President To Discuss Economic Issues With Lusinchi (Rosita Regalado; EL NACIONAL, 12 Mar 85)	68
New Members of Lusinchi's Cabinet Discuss Issues, Plans (EL UNIVERSAL, 14 Mar 85)	70
Opposition Leaders Discuss Lusinchi's Address to Congress (Alirio Bolivar; EL NACIONAL, 15 Mar 85)	74

INTER-AMERICAN AFFAIRS

COMMENTARY ON IMPORTANCE OF FEBRES CORDERO'S VISIT TO CUBA

PA071453 Havana International Service in Spanish 0000 GMT 7 Apr 85

["Our America" commentary]

[Text] The official announcement about Ecuadoran President Leon Febres Cordero's visit to Cuba in mid-April has had notable and favorable repercussions in the media of that South American country. In a communique sent to the Tribunal of Constitutional Guarantees, the Ecuadoran president explained that the purpose of his visit to our country, in response to a polite invitation from Cuban President Fidel Castro, is to review and develop commercial, economic, political, and cultural relations between the two countries and discuss matters of regional interest, especially those connected with Central America's peace and security. Latin America's foreign debt and the general indebtedness of the Third World countries will also be discussed by the two Latin American statesmen.

In statements for a Cuban radio station, President Febres Cordero expressed his respect for Castro's recent comments on the subject of Latin America's foreign debt. According to him, this is not merely an economic problem, as the crisis created by the hemispheric countries' debt, totaling over \$350 billion, has a political development forcing both creditor and debtor countries to seek an understanding.

Febres Cordero advocates direct communication among hemispheric leaders in order to give more dynamism to the mechanisms of cooperation. For this reason he recently suggested in Brasilia that a summit meeting be held among all the hemispheric heads of state in order to review jointly the most important aspects worrying and affecting Latin America.

For his part, Ecuadoran Foreign Minister Edgar Teran, who will accompany President Febres Cordero to Cuba, has stressed the importance of this visit, while the morning newspaper HOY, edited in Quito, said that relations with the Caribbean country have been fraternal from the first day of their resumption. After describing the visit to Cuba as part of his government's policy of trying to maintain the best possible relations with all countries, the Ecuadoran foreign minister added that this includes an interest in cultivating the best possible international relations with each nation, as well as in avoiding conflicts and sources of friction in relations.

The Ecuadoran foreign minister added: It is extremely important that a dialogue can exist between Cuba and Ecuador, under the inspiration of or in accordance with the principles of our international policy, which call for maintaining the best relations with all countries under conditions of mutual respect and unrestricted acknowledgement of certain principles of international coexistence and independence, while seeking all those things that move peoples closer rather than those which divide them.

In Quito, the Ecuadoran capital, the National Secretariat for Public Information [SENDIP] has released a communique stressing that President Febres Cordero's meeting with Castro is of great importance because it sets an example on how to clear the path for cooperation among all fraternal Latin American countries and advance toward development. SENDIP Secretary Patricio Quevedo has told the press that the historical ties uniting the two countries will be reaffirmed, stressed, and confirmed with the Ecuadoran president's presence in Havana.

To be sure, the expansion of relations between Ecuador and Cuba has become evident since President Febres Cordero was inaugurated on 10 August 1984. This demonstrates that, regardless of each country's political, economic, and social systems, fraternal ties can still exist for the good of our peoples.

CSO: 3348/590

INTER-AMERICAN AFFAIRS

BRIEFS

CAF CREDITS--Caracas, 25 Mar (EFE)--The Andean Development Corporation (CAF) has approved more than \$7 million in credits for a rural development program in Ecuador and the construction of a Colombian-Venezuelan sodium sulfate plant. The decision, announced today, was made during a CAF Board of Directors' meeting held in Caracas on 18 and 19 March. Ecuador will receive \$4.5 million for rural development in the districts of Tanicuchi, Toacazo, and Pastocalle in Cotopaxi Province to improve living conditions of poor peasants in the region. In addition, the joint Colombian-Venezuelan Monomeros Enterprise, the first Andean multinational which has been operating a chemical petro plant in Barranquilla since 1972, will receive \$2,840,000 to complete the construction of a sodium sulfate plant with a production capacity of 20,000 tons per year. [Excerpt] [Madrid EFE in Spanish 0100 GMT 26 Mar 85 PA]

ECUADORAN PRESIDENT'S VISIT TO CUBA--Ecuadoran Foreign Minister Edgar Teran has stressed the importance of President Leon Febres Cordero's visit to Cuba in mid-April. Speaking to a Quito newspaper, Teran said the visit reflects Ecuadoran Government's policy of attempting to have the best possible relations with every country of the world. The Ecuadoran foreign minister said the visit to Cuba is an official one, responding to an invitation made by the Cuban chief of state to President Leon Febres Cordero. Edgar Teran underscored the importance of the treatment of the subjects in the meeting, although he said specific topics to be discussed by Fidel Castro and the Ecuadoran head of state have not been determined yet. However, he said it is obvious that bilateral and trade relations, Latin American problems, the Central American situation, and the foreign debt will be included in the talks. [Text] [Havana Domestic Service in Spanish 1000 GMT 2 Apr 85 FL]

BETANCUR'S TRIP VIEWED--Venezuelan Ambassador to Mexico Guido Groscoors today described President Belisario Betancur's trip to various countries of the continent as new encouragement for the Contadora Group's peace initiative. He added that it has been a positive step that makes it possible to compile new information on the Central American situation, in addition to the fact that the president's meetings with other presidents tend to facilitate the peace-making process and clarify divergent points of view. With regard to the U.S. position, Groscoors said the Ronald Reagan administration will have to take into account the unanimity of opinion on Contadora and the open support offered by the Governments of Argentina, Brazil, and Uruguay. [Text] [Mexico City NOTIMEX in Spanish 0037 GMT 3 Apr 85 FL]

CSO: 3348/590

ARGENTINA

SPANISH POLITICAL LEADER SUPPORTS MALVINAS STAND

PY092359 Buenos Aires BUENOS AIRES HERALD in English 9 Apr 85 p 11

[Text] (NA-DYN)--British Prime Minister Margaret Thatcher should agree to negotiate the issue of sovereignty over the Malvinas Islands, Spanish Popular Alliance leader Manuel Fraga Iribarne said here yesterday, while adding that Spain "fully supports" Argentina's claims over the archipelago.

But Senate Foreign Relations Committee chairman Adolfo Gass was even more forceful, stating yesterday that Argentina "doesn't have to feel satisfied just with United Nations resolutions because she (Mrs Thatcher) always ignores them."

Fraga Iribarne, leader of Spain's main opposition party, told reporters as well that the presence of Spanish fishing trawlers in Malvinas waters "does not mean recognition of the British administration of the islands."

Defending the presence of Spanish vessels, Fraga Iribarne argued that world-wide fish sources are depleting rapidly and that Spain "has to keep its industry supplied."

"I tell Spaniards to fish in any part of the world, even off the coast of South Africa despite the fact that important differences exist with that country's government," he said.

Senator Gass yesterday suggested that, instead of relying solely on UN resolutions, Argentina should put pressure on Mrs Thatcher to negotiate the sovereignty issue by getting support from public opinion and politicians in Britain.

The Radical Party congressman added that the "freeze in talks" between Buenos Aires and London "is not helpful to the country."

In a separate development retired Rear-Admiral Horacio Zaratiegui, Southern Naval Command chief during the Malvinas war, reported that during the war Argentina intercepted coded Chilean messages which ordered that country's navy to "participate openly or covertly" in helping Britain defeat Argentina.

Zaratiegui confirmed statements to the same effect made recently by former Navy Commander-in-Chief Jorge Anaya.

CSO: 3300/28

ARGENTINA

COURT COMPLAINS ABOUT NEWS COVERAGE OF JUNTA TRIALS

PY092129 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2335 GMT 8 Apr 85

[Excerpts] Buenos Aires, 8 Apr (NA)--The Federal Court of Appeals, which will handle the trials of the former commanders of the armed forces for their alleged responsibility in the outrages perpetrated during the anti-subversive struggle, today criticized the proliferation of "news reports and comments" on these cases, "which seem to be directed at hampering the course of justice and making the trials appear less serious than they actually are." The court went on to describe the demonstrations that are scheduled to be held in front of the court building during the hearings as "despicable."

Herewith the text of the court communique:

"The news reports and commentaries on the trials of the nine former armed forces commanders published recently containing serious falsehoods and other statements regarding these cases compel this court to state the following:

"1. The news coverage of the trial is a legal requirement of oral trials prompted by the need to make it possible for the community to exert broad control over government actions, the very essence of any republican system of government.

"This is a general rule applicable to the judging of any type of crime irrespective of who is being tried.

"In turn, the moral force of the court rulings lies in the proper news coverage of the trial, in which public trust in the legal system is at stake. This news coverage also guarantees to those who are being tried that the judges will have to assume their responsibility clearly when they sign their decisions.

"2. It is totally false that the court has invited local or foreign reporters to the hearing. On the contrary, since the court has received numerous petitions from journalists requesting admission, it has only established the rules so that the press can do its work without affecting the normal process of the hearing.

"In this regard, it must be noted that cameramen, photographers, and reporters with tape recorders have been forbidden from entering the court. The court has also adopted measures to prevent sensationalist coverage of the trial.

"3. Speculation on the possible postponement of the hearing is unfounded. The date for the hearing was not established beforehand, since it was subject to the examination of some extraordinary evidence that was carried out during the holy week recess.

"4. The threats to stage demonstrations in front of the court building during the hearing are just as despicable as the different expressions meant to hinder this process or to diminish its seriousness.

"In this respect, the court will do everything that is necessary to preserve a proper framework as well as its authority and independence to comply with its duties impartially.

"In conclusion, the Federal Court of Appeals, as a permanent institution of the judicial branch, reasserts that it will apply the laws in force, as it has always done. However, it wishes to emphasize that the silence which it finds necessary to maintain in the face of thoughtless or ignorant remarks does not mean that the court accepts them."

The communique is signed by Leon Carlos Arslanian, Jorge Edwin Torlasco, Guillermo Ledesma, Andres Jose D'Alessio, Ricardo Gil Saavedra, and Jorge Valerga Araoz, before court secretary Juan Carlos Lopez.

CSO: 3348/580

ARGENTINA

TUCUMAN POLICE PROTEST NONPAYMENT

Police Remain In Barracks

PY032206 Buenos Aires TELAM in Spanish 1729 GMT 3 Apr 85

[Text] Tucuman, 3 Apr (TELAM)--The Tucuman Province police today at 1315 decided to remain in their barracks in protest against the fact that they have not been paid their salary increase for January and February as well as their full salary for March, according to their spokesmen.

Police Chief Segundo Corbalan Costilla today met with the provincial minister of government, Jose Alberto Cuneo Verges, to try to seek a solution to the conflict, which affects the people's safety.

Conflict Solved

PY041916 Buenos Aires Domestic Service in Spanish 1600 GMT 4 Apr 85

[Excerpt] The police conflict in Tucuman Province has been definitely overcome. Mario Contreras, our colleague in our affiliate radio LRA 15, will now further elaborate on this issue. Go ahead, Mario, we are listening to you:

The conflict that (?cropped up) yesterday in the Tucuman Province police involved over 100 policemen, who shortly after 1300 gathered at the office of the police chief. It was solved early this morning at about 0200 when Tucuman Government, Education, and Justice Minister Dr Jose Cuneo Verges promised the protesting policemen that the March salaries would be paid on 8 April and the salary differences from past months would be paid throughout April.

Only 30 policemen remained in rebellion when the solution was reached.

CSO: 3348/553

ARGENTINA

BRIEFS

NEW ECONOMIC PACKAGE PREVIEWED--(NA)--Economy Minister Juan Sourrouille will present President Raul Alfonsin with a new "package deal" of financial measures tomorrow, Economy Ministry sources said yesterday. The package is expected to propose a new increase in public utility rates, above the rate of inflation as well as higher taxes, further hikes in the price of fuels and a tighter control over state-run enterprises operating at a loss. The package, which if given the presidential approval will be announced by mid-week, reportedly plans to peg provincial outlays to the evolution of federal revenue-sharing tax collections and drastically curb federal aid for state companies operating at a loss, leaving them to fend for themselves on the financial market. State company budget woes will be backed up by raising public utility rates above monthly inflation, but at the same time there will be a crackdown on tax offenders. The state petroleum company (YPF), for example, owes \$a33 million [as published] in back taxes. [Text] [Buenos Aires BUENOS AIRES HERALD in English 7 Apr 85 p 13 PY]

PERTINI TO VISIT CORDOBA--Italian President Sandro Pertini will possibly visit Cordoba Province in May. Italian Ambassador to Argentina Ludovico Incisa di Camerana has met with Cordoba Governor Eduardo Angelos to prepare the details of Pertini's visit. According to the information obtained from this meeting, the Italian president should arrive in the city of Cordoba on 23 May and remain there until 25 May. [Text] [Buenos Aires Domestic Service in Spanish 2300 GMT 3 Apr 85]

RIGHTS GROUP ANNOUNCES MOBILIZATION--Organizations defending human rights in Argentina have called the people to a mobilization coinciding with the beginning of a public trial of the chiefs of the military juntas which have stained the country with blood since 1972. These organizations stressed the need to reaffirm democracy with the effective action of justice and the sentencing of those responsible for repression. They noted that the trial of the nine members of the juntas is the initial step in the punishment of all those guilty of crimes committed by the military dictatorships. It was reported that the public trials will begin around 15 April. Parallel to the mobilization at the court in Buenos Aires will be marches in other areas of Argentina to counteract the offensive of sympathizers with the military regimes aimed at preventing the trial of the chiefs of the juntas. [Text] [Havana International Service in Spanish 1600 GMT 4 Apr 85]

NEW NAVY AREA--Bahia Blanca, 20 Mar (TELAM)--Through a communique, the Navy Operations Command has reported that in keeping with new reorganization plans for the Argentine Navy, the Puerto Belgrano Navy Area will be established. It will be headquartered at the Puerto Belgrano Navy Base. The new navy area will start operating as of 1 April and it will be commanded by Rear Admiral Nestor Carbonetti, who until a few days ago was chief of the Puerto Belgrano Navy Base. [Text] [Buenos Aires TELAM in Spanish 1445 GMT 29 Mar 85]

CSO: 3348/562

BOLIVIA

29 PARTIES REGISTER FOR PRESIDENTIAL ELECTIONS

PY291945 La Paz EL DIARIO in Spanish 14 Mar 85 p 4

[Text] Despite the fact that it is still uncertain whether the elections are going to be held on 16 June [now scheduled for 14 July -- FBIS], a total of 29 political parties have registered at the Electoral Court with only 2 days to go before the electoral registry closes.

The list of political parties that have registered to participate in the June elections, given in order of registration, is as follows:

Movement of the Revolutionary Left, MIR, of Jaime Paz Zamora and Oscar Eid Franco, which registered on 14 January 1985; the Socialist Party-One [PS-1] headed by Roger Cortez, and Walter Vazquez; a PS-1 faction headed by Jose Maria Palacios and Justo Perez Garcia. Both PS-1 factions registered on 16 January.

Tupac Katari Revolutionary Movement, MRTK, headed by Macabeo Chila Prieto and Domingo Choque, which registered on 17 January 1985.

The Indian Party, PI, faction headed by Ramon Condo Mamani and Kara Chukiwanka; another PI faction headed by Sebastian Mamani Nina. Both PI factions registered on 17 January 1985.

The Barrientista Party of Bolivia--no acronym--headed by Rene Alvarez Puente and Edgar Ordonez. It registered on 21 January 1985.

The Socialist Party, PS, headed by Guillermo Aponte Burela. It registered on 21 January 1985.

The Tupaj Katari Indian Movement, MITKA, headed by Felipe Quispe Huanca and Calixto Jaillita Tancara. It registered on 23 January 1985.

Party of the Revolutionary Left, PIR, headed by German Vargas Martinez and Mario G. Rodriguez. It registered on 28 January 1985.

The Bolivian Communist Party, PCB, headed by Jorge Kolle Cueto. It registered on 30 January 1985.

The Revolutionary Front of the Left, FRI, headed by Oscar Zamora Medinacelli and Rene Higuera del Barco. It registered on 31 January 1985.

The Christian Democratic Party, PDC. It registered on 31 January 1985.

The following parties registered from 12 to 21 February:

The Sage Indian Front of Tahuantinsuyo, [Frente Indio Amautico del Tahuantinsuyo], FIAT, headed by Victor Machaca.

The Social Democratic Party, PSD, headed by Antonio Chiquie Dippe, and another PSD faction headed by Rolando Kempff Mercado. The latter registered on 1 March [as published].

The Bolivian Union Party, PUB, headed by Walter Gonzalez Valda.

The Nationalist Revolutionary Movement, MNR, "9 April" Revolutionary Vanguard faction headed by Carlos Sernate Reich and Raul Roca Rivera.

Socialist Workers Party, PST, headed by Pablo Soto Romero.

The Tupaj Katari Indian Movement-One, MITKA-1, headed by former Bolivian President Victor Paz Estenssoro.

The United Revolutionary Organization, OUR, headed by Mario Lanza Suarez and Hernan Gonzalez Rioja.

The United Revolutionary Workers Party, POR-1, headed by Arturo Saravia, Hugo Gonzales, and Victor Sossa.

The National Left Alliance [Alianza de la Izquierda Nacional], ALIN, headed by Luis Torrez Ch. and Luis Valdivia.

Authentic Revolutionary Party, PRA, headed by Walter Guevara Arze and Victor Quinteros R.

The Socialist Republican Union Party, PURS, headed by Alex Carvajal Perez and Pedro Montano.

The Bolivian Socialist Falange, FSB, headed by David Anez Pedraza.

The Marxist-Leninist Bolivian Communist Party, PC-ML, headed by Oscar Zamora Medinacelli. [Medinacelli also registered head of FRI -- FBIS]

The National Feminist Party [Partido Femenino Nacional], PAFENA, headed by Yolanda Bascope.

The Nationalist Democratic Action, ADN, headed by former President General Hugo Banzer Suarez and Guillermo Fortuna.

The Nationalist Revolutionary Movement-Alliance of National Leftist Forces,
MNR-AFIN, headed by Roberto Jordan Pando.

The Movement of the Revolutionary Alliance, MAR, headed by Oscar Garcia
Suarez and Patricia Collazos.

CSO: 3348/561

BOLIVIA

PDC FAULTS COMMUNIST PARTY FOR BLOCKING ECONOMIC PROPOSALS

La Paz PRESENCIA in Spanish 15 Mar 85 p 6

[Text] "The Pro-Soviet Bolivian Communist Party vetoed the economic model that the Christian Democrats submitted to the current administration when they were working together with it," asserted Jaime Ponce Garcia, the Christian Democrat vice presidential candidate.

In a wideranging speech to the press, he said that the Christian Democratic Party's platform contains an economic model that would enable the country to overcome the serious economic crisis plaguing it.

He revealed that the communists vetoed the Christian Democrats' economic model. He said that the plan was published in December 1983. He added that under this model the UDP [Democratic and Popular Unity] had the chance to pursue a "realistic economic policy." However, because the Christian Democrats were in the minority in the cabinet, the model was not approved. He reported that it was the Communist Party that blocked a change in domestic economic policy.

Structural Change

Ponce Garcia asserted that the cause of today's crisis is "structures inherited from the past." He went on to say that the "economic measures that the UDP government has continually taken have been inadequate and short run measures and have prevented the country from getting at the underlying causes of our economic ills."

Among these causes he pointed to the "heterogeneous" makeup of the economy, in which the State controls most of the country's four production sectors.

Referring to agriculture, he indicated that this sector is on the decline. "Land reform has not made progress, which has led to lower production and a lower living standard for most of our people."

In mining, he said that Bolivia has channeled its activities towards the world market, which makes the country "more dependent on powerful empires and on international markets, where Bolivia is a target for domination by the imperialist powers vying for hegemony in the world today."

With regard to the splitup of the country, "which is the result of the nation's deficient geographic conditions," he said that this is "a cause of the unequal distribution of national income and wealth," adding that "this gap is widening all the time." He indicated that state-run enterprises are partly responsible for this crisis because they have been behind the times for years. "They cause a division of society into a few wealthy groups and a vast majority of poor people."

"Alternative Solutions"

The Christian Democrat vice presidential candidate said that his party advocates as an "alternative solution" to the crisis a humane economy with man at its center, an economy based on social justice and participation, a liberating economy in which we negotiate with sovereignty and patriotism to resist the pressures of the capitalist governments and the international financial institutions.

As for the foreign debt, he indicated that the country must meet its obligations, "which were contracted by authoritarian governments." He added that the international financial system exploits Bolivia by forcing it to pay increasingly high interest rates. The Christian Democrats contend that "repayment of the foreign debt should be postponed indefinitely or for several decades."

In conclusion, he argued that the country ought to have a self-managed economy so that both management and labor can gain experience in running government enterprises.

8743

CSO: 3348/503

BOLIVIA

OSINAGA, CHIRIQUE REFUTE COUP PLOTTING CHARGES

La Paz PRESENCIA in Spanish 15 Mar 85 p 7

[Text] Col Moises Chirique spoke out yesterday against the statements that the presidential candidate of the Christian Democratic Party, Luis Ossio Sangines, made in urging the military not to get involved in "likely coup escapades."

In yesterday's edition we published an item on the press conference that the Christian Democrats gave in presenting their candidates for the general elections. At the gathering Ossio Sangines urged the Armed Forces, "in the persons of Gen Sergio Osinaga and Col Moises Chirique as representatives of the new military generation, not to be swept up by factions that want a coup." Ossio also said that he was a professor of the two military officers.

Colonel Chirique told PRESENCIA: "I categorically deny any link that Dr Ossio claims I have with General Osinaga, other than our belonging to the military. I also reject any insinuation that I might be involved in left- or rightwing coup attempts."

He said that Ossio was in fact a professor of his and of General Osinaga when they were cadets at the Army Military College, "but that was more than 15 years ago. Since then he has been completely unaware of the ties that might exist between me and General Osinaga, inasmuch as our situations as military officers are completely different. Therefore, he has no justification for alleging that certain individuals or military officers are involved in something like this. His charges are completely untrue and are an affront to our good names. Dr Ossio's remarks really surprised me," he said in conclusion.

Gen Osinaga Zambrana

Gen Sergio Osinaga Zambrana, the commander of the Army Military College, sent a note to the Christian Democratic presidential candidate.

In it he expresses his "annoyance" over Ossio's remarks, which "would seem to be part of a plot to destroy the unity of the Armed Forces.

Out of magnanimity, however, I must acknowledge that it is also likely that you made them in the heat of your improvised address, when you were talking about the fact that we were alumni of the nation's number one military institute, at which you taught."

He goes on to say: "Regrettably, the vague wording that you have used to describe the conduct of a general and of the distinguished Colonel Moises Chiriquie Bejarano has given rise to serious misgivings about intentions that are at variance with the current eminently constitutional conduct of the Armed Forces."

Another of the paragraphs in the note reads: "I have no intention of hindering your career or of harming your candidacy. Unfortunately, however, I am moved to speak out because of the somewhat vague insinuations that have created doubts that could harm the careers of two military officers who are detached from the vicissitudes of politics and who are committed to safeguarding the indestructible unity of the institution that we are honored to belong to." He calls on the Christian Democratic candidate to "dispel any ill-intentioned interpretation and, thus, simply to keep our professional records unblemished."

8743

CSO: 3348/503

BOLIVIA

EL DIARIO CRITICIZES CONDUCT OF 'AN AMBASSADOR'

PY091945 La Paz EL DIARIO in Spanish 28 Mar 85 p 2

[Editorial: "The Conduct of an Ambassador"]

[Text] The international community of nations has written norms for diplomatic conduct; and whenever norms do not exist, custom dictates them. To improve international relations, countries designate representatives, usually ambassadors who reciprocally observe an appropriate conduct.

It has been lately observed in Bolivia that an ambassador, forgetting the established norms, has taken to visit directly any institution or organization, deliberately sidestepping the Foreign Ministry. It can frequently be read in the press that the ambassador has visited a state institution, and not necessarily to specifically deal with an offer of his country. One of the latest visits had to do with an offer of economic and technical cooperation to assist in the general and municipal elections. This time the ambassador knocked at the doors of the National Electoral Court which, although it has autonomy among the state branches in Bolivia, is not the proper channel for making offers and holding talks. The only proper communication channel in these cases is the Foreign Ministry.

Not for nothing, this particular ambassador has been dubbed the "viceroy" in Bolivia, a nickname reminiscent in favor of human rights, peoples' sovereignty, etc. are staged in the country of the north, while some of its representatives disregard norms like the one we mentioned above, thus making themselves targets of deplorable commentaries and criticisms.

As far as we know, the representatives of other countries are very careful not to commit such lapses. The ambassador we allude to, however, usually is getting newspaper space reporting that he is directly talking with peasant organizations about the planting of coca, that he is directly dealing with regional organizations on regional problems, that he is contacting the electoral supervisory authorities--questions that fall under the sovereign jurisdiction of the nation.

So much for fundamental considerations. Now, regarding the problem of the application of advanced technology in the upcoming general elections, no doubt it will be a significant improvement to be able to avail ourselves of

a computerized system so that the data can be processed more rapidly and accurately. Yet, the question should have been discussed with the Foreign Ministry out of respect for established norms. Failing to do this, the internal affairs of the nation are being interfered with. It behooves the Foreign Ministry, which has already rejected such an offer, to let its voice be heard about the aforementioned aspect of a state of affairs that has placed it in a secondary position.

CSO: 3348/581

BOLIVIA

BRIEFS

RED FLAG PROTEST--The Peace Committee has issued a communique in which it condemns the use of red flags at demonstrations and marches and urges the flying of the national three-color flag. The communique, signed by Jorge Carrasco, Yarmila de Cerruto, Julio Zuazo, Napoleon Lopez and Luis Canedo, reads: The Three-Colored Flag Instead of the Red Flag--By meddling in the demonstrations that are being staged in our city, the communists are trying to show, with their red flags, that foreign-influenced Marxism is at the forefront of the struggle by wage-earners for better living conditions. In the face of this humiliation of the Bolivian people, the Peace Committee, the bastion of patriotism, invites the people to proudly exhibit, during these same demonstrations and in their windows at home, the sacred national three-color flag, the only symbol that we should all respect and admire. We Bolivians will thus be demonstrating that whatever our point of view during these ominous times in which we live, we are closely united in defending our homeland and our nationhood and in seeking answers that do not work against the integrity of the republic. The National Three-Color Flag Instead of the Red Flags! La Paz, 13 March 1985. [Text] [La Paz PRESENCIA in Spanish 16 Mar 85 p 6] 8743

GENERAL ELECTIONS OPPOSED--Cochabamba, 11 Mar--The Departmental Workers Confederation of Cochabamba has disclosed that the Seventh Departmental Congress of Workers that was held recently voted to oppose the staging of general elections in the country, terming them not only unconstitutional but no answer to the nation's crisis either. The confederation's leaders indicate in the document that solutions to the grave crisis must be immediately forthcoming, "because people cannot eat proclamations or election ballots." It goes on to say that "in this regard we have been waging a campaign and have worked out a specific plan that can effectively solve the problem of supplying commodities to our people." The confederation's Executive Committee also notes that pursuant to a resolution of the Seventh Departmental Congress, "we are calling on workers, peasant farmers, the middle class, the military and the clergy to join forces as soon as possible, and to this end, in the next few hours we will publicly call on leftwing parties to share their ideas and to take joint action to implement this proposal." The note is signed by leaders Marcos Marin, Roger Revuelta, Eduardo Angulo, Alberto Ovando, Carlos Balderrama and Eduardo Rocha. [Text] [La Paz PRESENCIA in Spanish 12 Mar 85 p 5] 8743

UK TO INCREASE AID--As you know, we have very friendly and normal relations with Bolivia. We have the largest development program in Latin America here in Bolivia, and we hope that it will be expanded in the future. That statement was made by the new British ambassador, Alan White, after he presented his credentials to President Hernan Siles Zuazo. Ambassador White expressed his sympathy for the Bolivian democratic process. Talking with Government Palace reporters, he told them that Great Britain has one of the most important development programs in Latin America and that various aspects of British cooperation with our country will be expanded during his tenure. [Text] [La Paz CADENA PANAMERICANA in Spanish 1700 GMT 26 Mar 85]

SERRATE ON FOREIGN DEBT--La Paz--The developing countries will never be able to pay their foreign debt, Carlos Serrate Reich, presidential candidate in elections to be held in Bolivia next July, has said. In an exclusive interview granted to PRENSA LATINA, the revolutionary nationalist movement Vanguard leader, said he agreed with Cuban President Fidel Castro's recent comments on Latin America's foreign debt. I share the views of Cuban President Mr Fidel Castro on the creation of a Third World countries' debtors club to face the international economic problem without regard to East-West ideological differences, the Bolivian political leader underscored. Referring to Latin America's foreign debt, Serrate Reich said this problem will grow with time without a solution, until a financial system crisis and the present economy ruling the world explodes. [Text] [Havana Television Service in Spanish 1100 GMT 9 Apr 85 FL]

CSO: 3348/581

BRAZIL

CONFLICTING APPROACHES AMONG ECONOMIC TEAM MEMBERS SEEN

Sao Paulo VEJA in Portuguese 6 Mar 85 pp 80-81, 83

[Text] The Tancredo Neves administration's economic team, headed by future Minister of Finance Francisco Dornelles, last week obtained the "arm" it was lacking. The administration's "left arm" has its pivot in the Planning Secretariat of the Presidency, which had been given the week before to Sao Paulo economist Joao Sayad. The "right arm," much more agile and muscular than the other, has its support in the Central Bank. Chosen personally by Dornelles to be governor of the Central Bank is Rio de Janeiro economist Antonio Carlos Lemgruber, 37, who was recruited from the management of the Foreign Exchange and International Area of the Boavista Bank in Rio de Janeiro.

Guided by differing economic ideas, the two "arms" of the administration do not enjoy very fluent dialogue with each other--and that is precisely why Sayad made one last effort at the start of the week to dissuade Dornelles from appointing Lemgruber. Like all the economists in the leftwing of the PMDB [Brazilian Democratic Movement Party], Sayad has ideas that clash head-on with those of Lemgruber, who is a member of the monetarist group--whose thesis, from the standpoint of the future minister-chief of planning, is that all problems, including inflation, can be solved through rigid control of the money supply. More than that, Sayad and his companions suspect that as part of the administration, Lemgruber and his monetarists will try to do the exact opposite of what the PMDB's leftwing is urging (see the inset at the end of this article).

Austerity: The result is that last week, the economists who already felt defeated by the choice of Francisco Dornelles as minister of finance found at least seven more reasons to consider their defeat confirmed: besides bank governor Lemgruber, all six economists chosen to head the Central Bank's directorates are scarcely of the kind that could be asked to draw up programs for the PMDB.* In fact, they form a team that would fit perfectly into a downright conservative administration. All members of that team feel that the essential thing is to

* Jose Julio Senna (Directorate of Public Debt, still to be established), Roberto Castello Branco (capital market), Alberto Sozin Furuguem (bank operations), Sergio de Freitas (external area), Iran Siqueira (administration), and Sadi Ribeiro (inspection, a directorate still to be established).

reduce inflation, no matter how painful the measures adopted to achieve that objective. That is the opinion, for example, of engineer and economist Jose Julio Senna, 38, the future director of public debt.

In an interview granted to VEJA a week before his appointment to Lemgruber's team, Senna summed up one of his main concerns: "The only way to reduce inflation is to follow two rules: austerity and control of government spending," he said. "The current administration talks austerity, but one proof that there has been no austerity at all is the fact that seven letters of intent have been sent to the IMF." In that interview, Senna urged Tancredo to act quickly. He observed: "Since there will be elections in 1986, it will be difficult to adopt a policy of strict austerity next year."

To organize the core of his team, Lemgruber had to walk only a few meters. A few steps took him to the office of Senna, who, like him, occupies an office on the 13th floor of the Boavista Bank's headquarters facing Candelaria Church on Pio X Square in downtown Rio de Janeiro. Then, crossing the street to the other side of the square, he went up to see Roberto Castello Branco, director of the Levy Offices. A native of Maranhao and the first to receive a doctorate in economics from the Getulio Vargas Foundation, 38-year-old Castello Branco will take over the Central Bank's capital market area. Lemgruber, Senna, and Castello Branco--all connected with the Getulio Vargas Foundation--usually have lunch with economist Ana Maria Jul, the IMF's representative, whenever she comes to Brazil. They are therefore acquainted with the person they will be talking to in coming years.

Conservative economists applauded enthusiastically when the names of those who would head the Central Bank were announced. "They are excellent; they represent the best there is in the country," says Senator Roberto Campos (PMDB, Mato Grosso), who was minister of planning in the Castello Branco administration. "They combine youthful idealism with solid academic training and good experience with the market," says Campos. The veteran on the team is the current deputy chairman of the Itau Bank, Sergio de Freitas, who has been chosen to head bank operations. So far, incidentally, Freitas is the only member of the extinct Government Action Plan Committee (COPAG).

Senator Roberto Campos is convinced that there will be clashes between the men in the Central Bank and the wing represented by Sayad, who is connected with the structuralist group, but he foresees an inevitable adjustment by both sides. "Actually, a structuralist is a monetarist who is not in power," says Roberto Campos. "All he has to do is find himself struggling with the problem of inflation, and he will assign the proper value to controlling the currency." Understandably, economists linked to the orthodox PMDB appeared less enthusiastic than Campos last week.

Party program to be carried out: "Because of the appointments made to the Central Bank and the economic area, the impression one gets is that the diagnosis made by the current [Figueiredo] administration during the period from 1980 to 1984 was completely correct and that the only thing needed now is to follow the prescription more honestly and efficiently," says Carlos Lessa, 47, the PMDB's economic adviser. "It is an illusion to think that one can combat

inflation strictly by controlling the amount of money in circulation," says Edmar Bacha, 43, who until a month ago was visiting professor at Columbia and Yale Universities in the United States and who has just rejoined the faculty of Brasilia University.

Bacha is frankly pessimistic at the news from the Central Bank. "I sincerely believed that the monetarist failure of recent years would be taken into account in drawing up the new economic policy," laments Bacha. "I'm afraid that we are heading toward a 'Pinochetization' of the Brazilian economy," he remarks, alarmed at the prospect of seeing the implementation in Brazil of measures similar to those that have brought Chile to the brink of collapse. But Bacha himself makes the point that while Chile is still manacled by a dictatorship, Brazil is going through a process of complete redemocratization. The result is that regardless of their own points of view, Tancredo Neves' economic advisers will have to live with the pressures from society and Congress--and to adapt to them.

Clinging to that hope, Senator Fernando Henrique Cardoso (PMDB, Sao Paulo) is trying to remain calm while contemplating the vista now opening up at the Central Bank. Fernando Henrique recalls: "The important thing is to put people there who will carry out the decisions of the minister of finance. And the minister of finance will have to do what it says in the Democratic Alliance's program." The senator from Sao Paulo is avoiding straight-out criticism of Lemgruber and is not participating in the incipient panic that has taken hold of the PMDB's leftwing. "Judging from what we have already read concerning his opinions, he is a monetarist, but he has never occupied a government post to prove that all he sees before him are that group's conservative ideas," Fernando Henrique points out, and he adds a veiled threat: "If he thinks he is going to do whatever he wants in the Central Bank, then he is not abiding by the conditions established for carrying out what the Democratic Alliance promised the people."

Throughout the past week, which he has spent traveling between Brasilia, Sao Paulo, and Rio de Janeiro to hold discreet meetings, Lemgruber has tried to keep out of the controversy stirred up by his appointment as governor of the Central Bank. He promises to respond to all the criticism being directed at him, but not until he is officially appointed. Lemgruber's silence has excited an interest in reading his doctoral thesis for the University of Virginia, which is entitled "The Philips Curve and the Alleged Dilemma Between Economic Development and Inflation."

While economists and businessmen were rushing around in search of copies of that thesis, Lemgruber was following old habits that will certainly be altered by the routine in Brasilia. On weekends, for example, he usually goes away with his wife Maria Ivone and their 9-year-old daughter Flavia to his home in Itaipava, located 60 kilometers from Rio de Janeiro in the Petropolis Mountains. There he plays tennis and reads books on economics, preferably in their original version. Standoffish in his contacts with the press, Lemgruber does not like to be photographed. He will have to get used to daily harassment by photographers when he takes over a post which is important in any government but which takes on strategic dimensions in a country swallowed up in the most serious economic crisis the republic has ever known.

Group Wants State out of Economy

The team preparing to take over at the Central Bank is always ready with the key phrase for straightening out economies in difficulty: shut off the flow of new money. Antonio Carlos Lemgruber, future governor of the Central Bank and an admirer of the ultraliberal ideas of the American Milton Friedman--the high priest of monetarism--sees ambiguity in trying to reconcile economic pump-priming with high inflation. "The big challenge to the administration taking office in March will be to resist the temptation of easy growth," he said last December in the economic bulletin from the Boavista Bank, whose international department he heads. Lemgruber warned that a policy of pushing the economy's accelerator to the floor could bring back the same scenario as that in 1979 and 1980, when there was good growth but nothing to sustain it.

Lemgruber feels that the less the state's presence in the economy is felt, the better. Completely in tune with him is economist Jose Julio Senna, who developed his ideas in the book "The Visible Hand"--a wordplay on the key expression used by the liberals, who feel that the economy must be guided by the invisible hand of the market. Senna supports, for example, the privatization of social welfare. In his opinion, high interest rates do not fuel inflation but cause it to slow down: less is invested, the economy cools down, and, in his view, firms are forced to lower the price of their products to find buyers.

Economist Roberto Castello Branco is even more radical in his antipathy toward the presence of the state in the economy. He maintains that the government must gradually withdraw from all sectors of production and concentrate exclusively on taking care of social programs. As far as the problem of the foreign debt is concerned, all agree that the payment terms are burdensome and must be renegotiated.

11798

CSO: 3342/122

BRAZIL

BRIEFS

FLOODS IN NORTHEAST--A survey conducted by SUDENE [Northeast Development Superintendency] has determined that 242,000 people have had to abandon their homes before overflowing rivers in the northeast. Superintendent Jorge Amado da Costa has reported that 130,000 people have taken shelter in public buildings in the State of Ceara; 65,000 in Maranhao; 30,000 in Piaui; 15,000 in Rio Grande do Norte; and 1,500 in Paraiba. He added that another 500 people have been driven from their homes in towns on the banks of the Jaguari River, which has overflowed. Governor Gonzaga Motta is extremely concerned over a bulletin of the Ceara Meteorology Association, stating that more than 600 km [as heard] of potential rain clouds are hanging over the state. If more rains fall, the number of homeless in the State of Ceara will rise to 200,000 people. SUDENE has announced that 2 trillion cruzeiros have been allocated for feeding and sheltering the homeless. [Text] [Sao Paulo Radio Bandeirantes Network in Portuguese 1000 GMT 9 Apr 85 PY]

CSO: 3342/145

CHILE

OPPOSITION LEADER ON REGIME'S REPRESSION

PA050128 Havana International Service in Spanish 0000 GMT 4 Apr 85

[Interview with Carlos Gonzalez, vice president of the Chilean Committee of Solidarity with the Anti-Fascist Resistance, by unidentified questioner; date, place not given--recorded]

[Text] [Question] Carlos, we have invited you to this interview so that you can talk to us about the Chilean situation, considering that reports from Santiago indicate that there have been new violent actions, specifically, assassinations by the regime. People have been found with their throats slit or have been killed in clashes, and there have been many arrests. How does the Chilean committee view these current actions?

[Gonzalez] As a Chilean committee we do not view these events as isolated incidents. We view them as one more expression of the way the Chilean dictatorship is trying to impose its model of repression on the people.

In recent days and weeks we have seen direct and open intervention by U.S. imperialism in Chile to enforce a quote, democratic, unquote, solution with the participation of Pinochet, until 1989, and the most conciliatory sectors of the opposition. The model that imperialism and the dictatorship want to impose in Chile can only work with great repression against the popular movement and the entire national opposition. We believe that the regime savagely attacks actions by the resistance, the opposition, and the popular movement to oppose the model that is being mercilessly imposed.

That is why I say that these events are not isolated or temporary incidents. They form part of a project or model of dictatorship. The mass opposition movement in Chile places that model in an increasingly difficult position. The opposition is unifying its views, and this year it is evident that the Chilean popular movement is showing a high level of mobilization. A new year of mobilizations has begun in Chile. We have already held two mobilizations has begun in Chile. We have already held two mobilizations and protests, and at the same time we have had the determined participation of armed detachments of the people who, along with the popular movement, are attacking the dictatorship and opening the path to the popular alternative of the masses. As a result of this, the regime is becoming more frightened.

[Question] Can you explain the term paramilitary gangs? International reports say these gangs are responsible for the assassinations of Manuel Guerrero, Jose Manuel Parada, and Santiago Natino. How are these paramilitary gangs tied to regime?

[Gonzalez] In Chile paramilitary gangs exist in name only. In reality, the paramilitary gangs in Chile are nothing but components of the regime. They are groups organized by the sinister National Intelligence Center, CNI, which not only plays the role of informing on, following, and intimidating those who struggle for democracy, but also of beating up, kidnapping, and assassinating them. The dictatorship wants to portray these groups as autonomous groups. In a shameless manner, the government has asked the Supreme Court to undertake an exhaustive investigation of recent events. This is a mockery because there is no doubt that in a country controlled by a stage of siege, where it is difficult to travel on the streets at night, armed groups have gone to workplaces even in daylight and kidnapped those who struggle for democracy.

[Question] Does the regime also seek to frighten the people and crush their growing rebellion? Will it achieve this objective?

[Gonzalez] That is precisely the dictatorship's objective. The dictatorship has dealt blows to six fighters against the dictatorship; three of them were kidnapped and found with their throats slit; the other three were assassinated in alleged confrontations. The objective is to frighten the people. The objective is to liquidate the vanguard of the struggle of the Chilean masses. Far from achieving that objective, the dictatorship's actions have obtained the opposite. Our people have risen up with indignation, held a successful teachers' and students' strike, and are preparing a new national protest for Thursday, 11 April.

CSO: 3348/567

CHILE

BRIEFS

NEW AMBASSADORS RECEIVED--In separate ceremonies held today at Government House, Chilean President Augusto Pinochet received the credentials of Honduran Ambassador Francisco Lopez Reyes and Salvadoran Ambassador Jose Horacio Trujillo. [Summary] [Santiago Domestic Service in Spanish 1730 GMT 9 Apr 85 PY]

REGION INTENDANT RESIGNS--Luis de los Rios Echeverria, who resigned his post as intendant of the V Region, will be replaced by Rear Admiral Pablo Wunderlich Piderit on 2 April 1985. [Summary] [Santiago EL MERCURIO in Spanish 23 Mar 85 p 4 PY]

ACCORDS SIGNED WITH ECUADOR--At the end of the seventh meeting of the special Chilean-Ecuadoran coordination commission presided over by Chilean Deputy Foreign Minister Lieutenant General Sergio Covarrubias and Diego Paredes, under secretary for political affairs of the Ecuadoran Foreign Ministry, four accords were signed: one for technical cooperation in the forestry field; one to expedite the passage of tourists between the two countries; a cooperation agreement in the telecommunications field; and one to update an agreement on animal health signed in 1941. [Summary] [Santiago EL MERCURIO in Spanish 29 Mar 85 p C3 PY]

CSO: 3348/579

COLOMBIA

VARIOUS DIPLOMATIC CHANGES ANNOUNCED BY FOREIGN MINISTRY

Bogota EL TIEMPO in Spanish 16 Mar 85 p 7-B

[Text] The Ministry of Foreign Relations released a list of appointments at Colombian consulates and embassies in various countries.

Maria Cristina Pastrana was appointed advisory minister to the government of the People's Republic of China, replacing Enrique Posada Cano, who is being assigned to a domestic position.

Alejandro Gamboa Alder was named first secretary of Colombia's permanent mission to the European office of the United Nations, headquartered in Geneva, Switzerland. He is replacing Irma Cecilia Botero in that post.

Mery Cecilia Hurtado Salamanca was appointed third secretary to the United Nations Food and Agriculture Organization, based in Rome. She is to replace Carlos Mauricio Gonzalez, who is moving to another position.

The resignation of Elsa Pombo de Urrutia as first secretary of the Colombian embassy in Japan was accepted, and Maria Cristina Trujillo de Munoz was named to take over as supervisor of consular functions in Tokyo.

The government decided to eliminate the post of Colombian consul ad honorem in Willemstad, Curacao, Dutch Antilles, which had been held by Frank Zimmerman.

The Colombian ambassador to Brazil, German Rodriguez Fonnegra, retired from the diplomatic corps upon reaching retirement age; Jose Jaime Nicholls Sanchez Carrera was designated to replace him.

The government also decided to transfer Jose Alberto Perez Toro from his position as commercial attache at the Colombian embassy in Argentina to the same post in Chile.

The post of commercial attache at the Colombian embassy in Trinidad and Tobago, held by Eduardo Chacon Bonilla, has been eliminated.

The position of vice consul at the Colombian general consulate in San Juan, Puerto Rico has been created, and Chacon Bonilla was appointed to fill it. In addition, he will serve as commercial attache.

The post of deputy commercial attache at the Colombian embassy in Panama has been created, and Bernardo Marquez was named to fill it.

German Carrillo Gonzalez was designated deputy commercial adviser at the Colombian embassy in Ecuador, a post that was vacant.

Constanza Laginelet de Palomino was named deputy commercial attache at the Colombian embassy in Peru, replacing Sergio Calle, who was transferred to another post.

In addition, Gustavo Castano Abbad was appointed first consul in Baltimore (United States), replacing Clara Duran de Millan, whose appointment was annulled.

8926

CSO: 3348/519

COLOMBIA

ECONOMIST: CURRENT POLICY LEADS INEVITABLY TO BANKRUPTCY

Bogota EL ESPECTADOR in Spanish 17 Mar 85 pp 1-D, 3-D

[Article by Jorge Child]

[Text] The diagnosis of a bankrupt economy can be obtained empirically by looking at some representative statistics on the current economic situation in Colombia. A recent report submitted by the government to the International Monetary Fund (IMF), which was published in EL TIEMPO on 2-10-85, presents a few official figures that indicate the magnitude of the deficit and the almost total bankruptcy of the Colombian Government.

Deficit Figures

In that document, the government acknowledges a deficit in its current account (taxes plus insured credits compared to budgeted operational expenditures and investments for 1985) of 79.3 billion pesos. The government claims to have financed 22.8 billion pesos by obtaining foreign loans, which leaves 56.5 billion pesos to be financed.

The bills submitted to Congress during the special session seek to finance this remainder through the subscription by private parties of 40 billion pesos in National Savings Bonds (TAN), and with a 20 billion peso increase in the Treasury's current line of credit at the Bank of the Republic (the central bank).

The budget of the decentralized sector (public establishments and enterprises and the medical and social assistance institutes) will go up to 110.8 billion pesos in 1985.

According to the government, the decentralized entities are assured so far of 75 billion pesos in financing, leaving a remainder of more than 35 billion pesos. The only decentralized entities that will yield a surplus in 1985 are those in the social welfare, communications, education, social security and benefits, and agriculture and livestock sectors. In contrast to the surplus in those institutions, just three state enterprises, the Colombian Petroleum Enterprise (ECOPETROL), Colombian Coal, Inc. (CARBOCOL) and the Electrical Energy Enterprise of Bogota, will yield a deficit of more than 70 billion pesos altogether in 1985.

In short, the joint deficit of the national government and the decentralized sector at the national level could fluctuate between 150 and 200 billion pesos. It should be noted that this total does not include the current account deficits of the department and municipal governments, or those corresponding to the public establishments and enterprises that operate at these administrative levels. By interpolating the ratio of departmental and municipal public finances to national public finances, it is possible to project a consolidated deficit of 300 billion pesos for the Colombian state.

Clearly, the real effective deficit that results from comparing spending and total tax collections, less transfers of foreign credit and domestic currency issuances, and cancelling out transfers of surpluses from one item or sector to programs with deficits, is much larger.

Some studies place this "effective" deficit (without credit or currency issuance) for the central state sector alone at more than 300 billion pesos (speech by Representative Gabriel Rosas of the New Liberalism).

In sum, it can almost be asserted that for every peso managed by the state, it has only 50 centavos in cash to meet every peso in budgetary expenses. This poses an impossible dilemma: reduction of spending and/or increase in taxes.

Transfers from State

As for cutting spending, some have proposed facilitating this move by reducing transfers from the state to private individuals and entities and to public enterprises about to go bankrupt. These transfers account for 42 percent of the 1985 budget, 564 billion pesos. Most of these transfers cannot be justified from a strictly economic standpoint. Why finance inefficient units that cannot withstand the market forces? Or why provide atomistic financing for a number of private services (schools, foundations, etc.) when that financing should be provided rationally by the competent state institutions, not by private entities with the help of uncontrolled, widespread aid from the Treasury?

The interference factor, and resistance to any program aimed at rationalizing transfers from the state are found in the model of domination by patronage. The policy that has been built on the patronage model cannot easily be dismantled with its own agents of patronage.

Receiver in Bankruptcy

Using words right out of his metaphorical-political jargon, former Minister of Government Jorge Mario Eastman has written that "the next liberal government will have to become the receiver in Colombia's bankruptcy." It is clear that according to the econometric models of the world economic situation (Data Resources, Inc.—DRI—and Wharton), the U.S. economy as well as those of the European Common Market and Southeast Asia will see considerably lower growth rates in 1985 and 1986. A drastic decline in the growth of the U.S. economy is expected, from 6.8 percent in 1984 to 2 percent annually by 1986. In view of this prospect, the possibilities for accelerating development by boosting

Colombian exports to the U.S. and European markets appear to be just another illusion.

But we do not need to wait until 1986 to see the Colombian state become a "receiver in bankruptcy." President Betancur has already been playing this role for several years, since he began his administration by assuming the losses of the Correa Group, the Bank of the State and nearly all the financial institutions whose only resources were their uncollectable portfolios.

The general comptroller of the republic, Rodolfo Gonzalez Garcia, in a speech at a fiscal forum in Pereira (see EL ESPECTADOR, 2-11-85), pointed out that state financing of bankrupt enterprises and financial entities totaled 212 billion pesos in 1984.

We do not know what methodology the comptroller used to calculate the value of the state transfers to the private firms that were bankrupt. On another occasion, also declining to reveal his methodology, Comptroller Gonzalez Garcia reported that 60 billion pesos had been transferred illegally by the state in 1983 to private entities in the form of "kickbacks" or "commissions" for excessively high prices charged for goods and services purchased by the state, in bidding and awarding contracts for projects and supplies, and for placing money in bank deposits.

With these notes of caution about methodology, we can include the sums cited by the comptroller general in this type of transfer, and hope that more serious investigations will take place.

Indebted Firms

Moving from official bankruptcy to private bankruptcy, we find a myriad of private companies in debt. First of all, the total medium- and long-term debt of national banks that is being renegotiated with private international banks amounts to between US \$2.5 and \$3 billion. The Bank of Colombia alone owes US \$500 million.

In 52 companies studied by the CNV [National Securities Commission], the amount of money owed to foreign banks equalled 47.5 percent of the private foreign debt of the manufacturing sector, and 20.4 percent of the total private foreign debt as of December 1984. The latter debt figure is estimated at about \$4 billion. The corporations' debts to foreign banks totaled \$33.404 billion at that time, 51.7 percent of the total, while their debts to Colombian commercial banks added up to \$13.206 billion, 20.4 percent of the total.

In the sample of the 52 largest corporations in the country studied by the CNV, as of December 1984 an indebtedness index of 82 percent was found. In other words, for every peso of assets, 82 centavos had been financed with resources from third parties, while direct contributions from stockholders and profits withheld had financed only 18 percent of their assets.

The capitalization of corporations with "business capitalization" funds created by Decree 1914 of 1983 has been very weak: According to reports by BanRepublica, as of 31 January 1985 FCE [expansion unknown] credits had been

approved for 75 companies, totaling 7.795 billion pesos. Much more important than the issuance of bonds that can be converted into stock, to which we have been referring, is the formation of open corporations under L-9/83. According to the president of the CNV, Juan Camilo Restrepo, this policy has benefited more than 600,000 shareholders in the 300 corporations that floated more than 48 billion pesos during the last year to open up.

According to "superSociedades," the primary market for the 3,000 corporations that operate in this country underwrote 40.348 billion pesos in new stock issuances in 1984. That is the figure the government hopes to place on the open capital market in 1985 with its National Savings Bonds (TAN).

Given the financial costs that penalize stock dividends, and the domination of financial savings by high-interest securities on the capital market, we can conclude that this market is not much better than anything else in Colombia as a source of financing for companies and the government itself.

Can the Colombian Government finance itself further with more indirect taxation, as the international financial institutions claim?

Taxes and Recession

In a bankrupt country in the middle of a prolonged recession (1982-85), the so-called "taxation efforts" have a very limited and precarious range of action. In 1984, the value-added tax brought in 88 billion pesos, twice what the budget called for, but it will be very difficult to break that record in 1985.

In a discussion of the 1985 budget in the Chamber of Representatives, Finance Minister Roberto Junguito calculated a deficit of 190 billion pesos, while New Liberalism Representative Gabriel Rosas Vega estimated 340 billion pesos. Including the new resources projected in the special budgets for this year, the effective fiscal deficit will continue to hover around 200 billion pesos, because it is very unlikely that internal or external financing can be obtained.

The repatriation of capital is late and untimely at a time when the persecution by the Drug Enforcement Administration (DEA) could result in the users of such capital being accused of "conspiring" with the drug traffickers. Moreover, the owners of these dollars may believe that they are very well invested in the U.S., and will be reluctant to bring them to poor, bankrupt Colombia.

Under the current economic system, without any defense against the adverse world situation, emerging from the prolonged recession and the general bankruptcy of Colombia's financially speculative capitalist economy is impossible.

8926

CSO: 3348/520

COLOMBIA

DECREE GIVES BUDGETARY SUPPLEMENTS FOR EXPENSES, INVESTMENT

Bogota EL SIGLO in Spanish 20 Mar 85 p 12

[Text] The government has decided to add to the budget for capital income and resources, opening up additional credits in the expenditures budget for a total of 35,159,494,536.70 pesos. Of that amount, 21,197,700,000 pesos will be earmarked for investment.

Decree 694 of 8 March 1985, signed by President Betancur and Finance Minister Roberto Junguito Bonnet, provides that capital income and resources will be the source of the additional credits. It also provides for an 8 percent CIF tax on imports, which are valued at 34 billion pesos; of that total, 30,086,500 pesos will be utilized. In addition, the decree calls for the disbursement of nine international loans for a total of 5,072,937,505 pesos.

Among these loans are those granted by the Banca Nazionale del Lavoro, totaling the equivalent of 1,512,900 pesos; by John Jovino Co., Inc., for 435,400,000 pesos; by three German banks, with the Westdeutsche Landesbank Girozentrale Dusseldorf acting as principal administrator, for 849,000,000 pesos; by the Banque de l'Union Europeenne, for 156,700,000 pesos; by Comex Exterior S.A. of Brazil, for 424,900,000 pesos; by the Federal Financing Bank, for 1,080,000 pesos; by the Chase Manhattan Bank, for 199,800,000 pesos; by Brasif S.A. Exportacao of Brazil, for 151,000,000 pesos; and by the International Bank for Reconstruction and Development (IBRD), for 262,900,000 pesos.

Of the total amount, 13,961,921,000 pesos was allocated for spending on government operations, and 21,197,573,536.70 pesos (65.8 percent of the total) was earmarked for investment.

Investment

The largest allotment for investment corresponds to the Ministry of Mines and Energy, with a total of 5,154,200,000 pesos. Of that total, 3.355 million is allotted to the Colombian Electrical Energy Institute, of which 3.2 million is to be used for the debt service and financial investments, 50 million is earmarked for the Yumbo-Popayan transmission line, and an equal sum is tagged for the Betania-Popayan line. The Leticia electrification program, including a plant with a capacity of 11,600 kilowatts and distribution networks, will receive 55 million pesos.

The Geological-Mining Research Institute will be given 44 million pesos, to be invested in studies and research projects.

The Ministry of Agriculture will be allocated investment resources totaling 2.03 million pesos, with 481.4 million going to the Colombian Agriculture and Livestock Institute. Of that total, in turn, 91.6 million is earmarked for research; 124.2 million for construction, equipment and management of warehouses, silos and other facilities; 33.6 million for veterinary and health services; and 191.8 million for debt service and financial investment.

The Colombian Agrarian Reform Institute will receive 513 million pesos, of which 73 million will be used to develop research and agricultural production; 309.4 million will be used for the purchase and adjudication of land; and 102 million pesos will be used to service the foreign debt.

The Institute for Development of Renewable Natural Resources (INDERENA) will be allotted 217.4 million pesos, of which 18 million will go to the program for the control and supervision of resources and the Carare-Opon forestry project in Santander. In addition, 152 million pesos will be allocated for the integrated management of national parks, the protection and defense of basins, and the financing of the second Botanical Expedition.

The additional credits for the Development Ministry total 1,063,400,000 pesos, of which 1 billion pesos corresponds to the Territorial Credit Institute for the low-income housing program, and 23.5 million will go to Colombian Handicrafts for the equipment, operation and maintenance of artisan centers and urban workshops.

The National Education Ministry will obtain additional credits totaling 1,132,300,000 pesos, including an allotment of 109 million pesos for university development plans that will benefit the universities of Sucre, Valle, Antioquia and the Industrial University of Santander.

An allocation of 462.5 million pesos has been earmarked for the Colombian Foreign Trade Institute (ICCE), and of that total 400 million pesos will be used to purchase materials and equipment for education, and 22.5 million will go to servicing the domestic debt. The Colombian Institute for Youth and Sports (COLDEPORTES) will receive 180 million pesos, of which 150 million will be used for debt service and financial investments, and 30 million for educational promotion and development.

8926

CSO: 3348/519

COLOMBIA

BRIEFS

ISA, ECOPETROL RECEIVE CREDITS--The Council of Ministers approved several external credit transactions for the Electrical Interconnection Institute (ISA) and the Colombian Petroleum Enterprise (ECOPETROL) amounting to more than US \$5.4 million. The first of the two institutions was authorized to take out loans from the Bank of America National Trust and Savings Association and the International Bank of Brazil, totaling more than \$3.671 million. The second was authorized to contract a loan for US \$859,803 from the Mannesmann Comercial firm of Brazil and one for US \$959,622 from a group of banks headed by the Bank of Tokyo, Ltd. of Japan. The funds will be used to finance the purchase of pipes for the exploration and development of production fields in the North and Central districts. In addition, the Council approved a contract between the Ministry of Public Works and the Inexpa Ltd. firm for the pavement of the Chigorodo-Puente Corozal stretch of the Medellin-Turbo Highway, for a total of \$375 million. [Text] [Bogota EL TIEMPO in Spanish 20 Mar 85 p 6-A] 8926

NEW VICE MINISTER OF MINES--Gloria Duque de Robayo took the oath as the new vice minister of mines and energy in a ceremony attended by President Betancur. She replaces Margarita de Quevedo, who has been assigned to the General Secretariat of the Colombian Petroleum Enterprise (ECOPETROL). Also present at the ceremony was Mining Minister Ivan Duque Escobar, as well as various officials in that sector. [Text] [Bogota EL ESPECTADOR in Spanish 22 Mar 85 p 1-A] 8926

AMBASSADOR TO VATICAN RESIGNS--The government has accepted the resignation of the ambassador to the Holy See and the Sovereign Military Order of Malta, Miguel Escobar Mendez, effective the 25th of this month. Bernardo Gaitan Mahecha, also a former minister, was named to replace him. The embassy was left in the hands of Advisory Minister Miguel Angel Rengifo Rengifo. [Text] [Bogota EL TIEMPO in Spanish 20 Mar 85 p 6-A] 8926

CSO: 3348/520

CUBA

BRIEFS

NEW AMBASSADOR TO CYPRUS--The Council of State has designated Comrade Guillermo Zurbitu Gomez ambassador of the Republic of Cuba to the Republic of Cyprus. [Excerpt] [Havana Television Service in Spanish 1102 GMT 26 Mar 85 FL]

CSO: 3248/317

DOMINICA

OPPOSITION LPD WANTS OUTSIDE ELECTION MONITORING

Port-of-Spain TRINIDAD GUARDIAN in English 1 Apr 85 p 5

[Text] Roseau, Sun., (AP): The Opposition Labour Party of Dominica (LPD) wants United Nations intervention to ensure fairness in the forthcoming general elections here. LPD also contended that a national census was being carried out before the election, but that it was being manipulated for political reasons.

In a statement, the LPD said it had received various reports of invasions of the personal liberty of Dominicans, under the guise of a census, which seeks information concerning the political affiliation of individuals, and in particular their intended way of voting in the forthcoming general election in a particular constituency.

However, Charles Savarin, Minister Without Portfolio in the Eugenia Charles administration, has dismissed the Opposition allegations. He says: "As far as I am concerned, this is a non-issue, and a search by the Labour Party to be heard on something."

The Opposition party said in its statement that the census was being carried out by supporters of the Ruling Freedom Party.

Head of the Statistical Department, Michael Murphy, said his department had no knowledge of the census. He added: "We are not involved, and we are not aware of any such survey."

But a copy of the census form indicates that the survey is being carried out by a Barbados firm called "Systems Caribbean Limited" and is aimed at being able to "learn more about the attitudes and opinions of Dominicans on a number of issues."

According to the census form, "any information given is strictly confidential, and will be used for statistical purposes."

Among the questions being asked of Dominicans are their occupation, level of education, a projection of life in the future, expression of their like or dislike of the political parties here.

CS0: 3298/531

ECUADOR

BRIEFS

ECUADORAN PRESIDENT VISITS UNITED STATES--Ecuadoran President Leon Febres Cordero has begun a number of meetings with U.S. businessmen to attract new investment of U.S. capital in that South American country. Febres Cordero, who is on a 7-day tour of the United States, will meet tomorrow with U.S. Vice President George Bush and on Wednesday, with his Venezuelan counterpart Jaime Lusinchi. The two leaders will be in New York at the same time. The Ecuadoran president has made plans to meet with the World Bank and IMF directors. As Leon Febres has stated, he will talk to them about the need for these agencies to realize that the problems regarding the renegotiations of Latin America's foreign debt are not only of an economic nature, but also of a political nature. While overflying Cuban territory en route to the United States, Leon Febres Cordero sent a message to Cuban President Fidel Castro, conveying his satisfaction with the opportunity he will have to visit Cuba soon. Febres Cordero will start his official visit to Cuba on Sunday. [Text] [PA102052 Havana International Service in Spanish 0000 GMT 9 Apr 85]

'EMERGENCY ZONES' DECLARED--The government has declared Cotopaxi and Chimborazo Provinces emergency zones. President Leon Febres Cordero issued the decree because the two provinces are experiencing big problems stemming from climatic phenomena that prevent the normal implementation of development plans in the two provinces. In solving the problems arising from this emergency situation, the government will act in line with what is prescribed in the law creating the fund for national emergencies, published in Official Registry No 509 of June 1983, and its amendments. It was also decided that the planning, drafting, control, and evaluation of special budgets to tend to the needs stemming from these emergencies will be the sole responsibility of the Finance Ministry. [Text] [PA301632 Quito Voz de los Andes in Spanish 1230 GMT 30 Mar 85]

CSO: 3348/588

GUATEMALA

GOVERNMENT SIGNS CONTRACTS WITH OIL COMPANIES

PA310413 Guatemala City Domestic Service in Spanish 0300 GMT 28 Mar 85

[Message by Energy and Mines Minister Alejandro Contreras Bonilla -- live]

[Text] Good evening, people of Guatemala.

In my capacity as Energy and Mines Minister and because I feel that this is of interest to all Guatemalans, I wish to report on behalf of the government of the republic that on 26 March this ministry signed Oil Exploration Contract No 1-85 with the companies Hispanica de Petroleos, S.A., (HISPANOIL), and Basic Resources International (Bahamas), Ltd.

By signing Contract No 1-85 yesterday and signing the one in 1984 with Texaco Exploration (Guatemala), Inc; Texaco (Canada) Resources, Ltd; PETROBRAS International; and Hispanica de Petroleos, S.A. (HISPANOIL), this ministry has been able to fulfill one of its goals in the field of oil exploration, which is the consolidation of oil activities in our country through the presence of these oil companies, which now number five and which, as parties to the contract, will invest in oil exploration in Guatemala.

Contract No 1-85, which we have signed with HISPANOIL and Basic, is of great interest because it covers our country's three producing fields, that is, Rubelsanto, Chinaja Oeste, and Caribe as well as several still unexplored structures located in areas of substantial oil potential.

In signing this contract and while well aware of the special terms of our request; taking into consideration the characteristics of our geography which affects costs, and the international oil situation characterized by a temporary oversupply and low prices; after studying the flexibility of the modern concepts included in our oil laws, and aware of the potential of our subsoil, the oil companies have accepted new challenges by acquiring new commitments to increase oil production. During the first year, two new wells will be drilled and the productive wells already in existence will be reactivated.

During the first year, the proposed investment will be about \$28 million and it is expected that, regardless of what happens with the two new wells

to be drilled, by late 1985 production can be close to 6,000 barrels of oil per day in the contracted area.

The signing of this contract is also a clear expression of these companies' confidence in our country, something which will undoubtedly contribute to the effort being made to attract new investors.

In order to become self-sufficient in the area of oil, Guatemala needs approximately 100 million more barrels. This is possible by making one or several more discoveries, making it necessary to drill either one or several more wells and, logically, by signing either one or more contracts.

It takes time to find oil, perhaps several years; and then several more years are needed to develop the oilfields that have already been discovered. The success of drilling depends on the correct interpretation of geological conditions and the correct use of technology, but a high degree of luck is also needed.

The government is providing the legal and economic possibilities; and the companies are providing the technical expertise, the experience, and the capital. God and nature itself decide whether there is to be success or failure after drilling. We trust in the technical capacity of the oil companies. We also trust in the potential of our subsoil. We believe and hope that success will crown the technical and economic efforts currently being made so that, as new oil reserves are gradually incorporated, the country can have more oil of national origin.

I also wish to say that, as regards the marketing of hydrocarbons, as a result of alarming reports suggesting that there will be either a shortage of hydrocarbons or an imminent price increase, we have received reports that certain gasoline stations are not selling gasoline normally. Concerning this, I wish to categorically state the following:

1. The country has enough fuel to guarantee a normal supply to all sectors.
2. There will be no price increase in the case of fuels imported with essential foreign exchange.
3. Hoarding or the refusal to sell fuel is a punishable crime.

Finally, the ministry asks consumers not to buy large amounts of fuel because this practice distorts the normal market and is dangerous to the life and property of the population.

Thank you very much.

CSO: 3248/320

GUYANA

MISSIONARY DESCRIBES CUBAN MILITARIZATION OF COUNTRY

Port-of-Spain TRINIDAD GUARDIAN in English 27 Mar 85 p 15

[Text]

AN AMERICAN missionary based in Surinam claims neighbouring Guyana is now being "militarised" and already has ten Cuban-built airbases for jets, and an additional 86 smaller ones have been extended "for military purposes."

Rev. Geoff Donnan, president of Caribbean Christian Ministries, said: "The threat is far worse in Guyana than it was in Grenada."

A veteran missionary in the region, Donnan added: "The once peaceful Caribbean is now being militarised."

LIBERATED

"At one time, only

Cuba was the Soviet agent in the region. Then Cuba had Grenada as the Caribbean base for their revolutionary imperialism, and still has Nicaragua as its Central American base for the same.

"Grenada was liberated from communism, but the threat is far worse in Guyana than it was in Grenada. Grenada had one airbase being built, that could be used for Soviet-Cuban military jets and three for small planes.

"Guyana has ten which the Cubans have recently built for jets (from 6,500 to 8,500 feet), and 86 smaller ones extended for military purposes.

"Grenada had 600 Cuban soldier-workers; Guyana now has several thousand. Grenada was strategic for the Caribbean, but Guyana is just as strategic for the Caribbean and for a land base to infiltrate and/or attack Brazil and Venezuela."

The Rev. Donnan claims that Soviet, Cuban, Bulgarian, North Korean, Libyan and PLO personnel are stationed in Guyana, and that arms and ammunition have been stockpiled for years in the interior.

He states that Brazil has become sufficiently concerned over this that she now has increased

significantly her air strength on Guyana's border.

He also alleges Christians are being persecuted in Guyana. "While only one Christian (a priest working for a Catholic newspaper) was killed in recent years, harassment and imprisonments are increasing," he said.

The missionary told the Open Doors News Services that he believes "effective missions can prevent future Grenadas." He declared: "Christianity is the best peace-keeping force there is, since it builds individuals, families, schools, institutions, businesses and nations upon the life-giving principles of God's word, rather than upon the anti-Christian whims of sinful men."

CSO: 3298/533

MEXICO

QUINTANA ROO NAVAL FACILITIES CONSTRUCTED

Mexico City EXCELSIOR in Spanish 4 Mar 85 pp 5-A, 30-A

[Text] In order to increase vigilance in southern Mexico, the Mexican Navy is building new functional installations within the jurisdiction of the 11th Naval Zone in Chetumal, Quintana Roo.

The Secretariat of Navy reported that in order to exercise its duties to defend Mexican sovereignty in waters, coasts and national islands, the Mexican Navy is now constructing a drydock 28 by 22 meters with a capacity for 50 tons in Subteniente Lopez, Q. R.

It has carpentry, electrical, ironworks shops, etc., which will permit it to provide maintenance and repair services to the river patrols within the territorial command of the 11th Naval Zone.

By instructions of the head of the Navy, Adm Miguel Angel Gomez Ortega, heliports are being constructed and adapted for existing Marine and Maritime Police squads along the coast of Quintana Roo and around Chetumal. These are also provided for recently created squads in different places in the Caribbean Sea, Yucatan Canal, Laguna de Escalar, Rio Hondo and other strategic points.

Vigilance against drug traffickers and smugglers in that zone will also be expanded by this.

Finally, the Secretariat of Navy reported that in a recent tour of Chetumal by its head, Gomez Ortega, he verified the progress of the projects described as well as those being done in the naval zone.

He visited the Construction and Prefabricated Modules Unit here as well as the air-naval station and the hangar that the Mexican Navy is building.

He also inspected the Naval Health support which provides doctors and medicine for the civilian population in the places where there are Marine squads along Rio Hondo.

7717
CSO: 3248/293

MEXICO

BRIEFS

CONASUPO RURAL OUTLETS PLANNED--CONASUPO [National Company for Basic Commodities] announced yesterday that this year it will open another 1,055 peasant stores to supply the rural area. Therefore, there will be 11,783 centers of this type to take care of more than 5 million families throughout the country. These stores in which 4,375,000,000 pesos will be invested will operate with peasant participation. They will generate 17,365 direct and indirect jobs. Through CONASUPO Distributing Agency, there will be sales of about 78 billion pesos in the rural area. Community participation will mean the generation of 19.5 billion pesos of savings in the consumption of basic products. CONASUPO explained that since one-fourth of the national population--a little more than 27 percent--lives in places of difficult access, it will continue supporting the inhabitants of those places with distribution centers for basic products. [Text] [Mexico City EXCELSIOR in Spanish 7 Mar 85 p 5-A] 7717

SALVADORAN REBEL REPRESENTATIVE SPEAKS--Acapulco, Gro., 23 Feb--Ten revolutionary groups have control over one-fourth of the Salvadoran territory, according to Walter Luna, a delegate of the international committee for solidarity with the Farabundo Marti Front and the Revolutionary Democratic Front. He said that the rebels "range from children to old men." He indicated that, from 1980 until now, El Salvador--with a population of 5 million and an area of 21,000 square kilometers--has had more than 50,000 civilians die in addition to 18,000 deaths in the Army. He estimated that 1 million inhabitants have emigrated to different parts of the world as refugees or political exiles. There are 300,000 people from that small Central American country in Mexico. He explained that the different governments, including the current one of Napoleon Duarte, allocate 80 percent of the budget for war and the rest for the national economy. Luna, who came to this port to speak, was accompanied by members of the PSUM [Unified Socialist Party of Mexico], the university unions and the fishing union, among others. He indicated that the Salvadoran people do not want war but this is fomented by the United States which gives arms to the government. These arms reach the rebels by different channels ranging from combat to attacks on barracks. [By Enrique Diaz Clavel] [Text] [Mexico City EXCELSIOR in Spanish 24 Feb 85 'States' section p 4] 7717

CSO: 3248/293

NETHERLANDS ANTILLES

GOVERNMENT-FUNDED STUDY FINDS CURACAO REFINERY PROFITABLE

The Hague ANP NEWS BULLETIN in English 25 Mar 85 pp 2-3

[Text]

W i l l e m s t a d, March 25 - A confidential report drawn up by a U.S. consultancy for the government of the Netherlands Antilles shows that the Royal Dutch Shell refinery on Curacao could become profitable by 1990, our correspondent reports.

A delegation led by Antillean Prime Minister Ms Maria Liberia is visiting the Netherlands for urgent talks with the Dutch government on ways

Dutch News

to stave off the refinery's closure.

The Royal Dutch/Shell group of companies has threatened to shut down the refinery unless extra light crude is supplied from Venezuela, and the government of the Caribbean island group takes over a majority share in the company.

The report, drawn up by Temple, Barker and Sloane, of Lexington, Massachusetts, says the refinery will lose 34 million dollars (about 123 million guilders) in 1985, on the basis of current capacity and costs.

But by 1990, the refinery can expect to make profits of 38 million dollars, the report says.

Long-term Prospects

If the refinery can increase its production to 40,000 barrels a day through extra supplies of Venezuelan crude oil, losses this year could be kept down to 17 million dollars, and profits in 1990 rise to 60 million, the report says.

However, it is less optimistic on long-term prospects for the refinery, which it says depends largely on refining of heavy crude oil from Venezuela and Mexico. Though these two countries can be expected to increase their oil production up to 1990, this will largely be for domestic consumption.

Venezuelan President Jaime Lusinchi last week sent a telegram to Dutch Prime Minister Ruud Lubbers, urging the Dutch government to make efforts to save the refinery.

As it is a major employer on Curacao, the threat of closure has caused serious governmental concern in the Antilles, and fears that unemployment

and cutbacks because of loss of government revenue, will cause social unrest.

Lago Refinery

The island of Aruba, second-largest of the group, has faced an even more serious blow with the shutdown of the Exxon oil company's refinery at Lago, scheduled for March 31.

The U.S. consultancy forecast that the Lago refinery would have lost 96 million dollars in 1985, and 19 million in 1990 if it remained operational.

Talks between the Antillean government and Royal Dutch/Shell have broken down, but Venezuela has promised to supply more oil for the Curacao refinery, and Antillean government leaders hope it can be saved with Dutch assistance.

CSO: 3200/33

NICARAGUA

YOUTH GROUPS FORM COORDINATING BOARD, BACK CDN

PQ282313 San Jose LA REPUBLICA in Spanish 22 Mar 85 p 9

[Communique issued by Nicaraguan youths group in Costa Rica on 22 March]

[Text] In response to the serious Nicaraguan conflict that is causing bloodshed among our people and afflicting the Central American region, the following organizations--Federation of Nicaraguan Workers Youth [Juventud del Sindicato de Trabajadores Nicaraguenses], JSTDN; Nicaraguan Democratic Force Youth [Juventud de Fuerza Democratica Nicaraguense], JFDN; Nicaraguan Patriotic Youth [Juventud Patriotica Nicaraguense], JPN; and the Nicaraguan Democratic Youth, JDN--report the following:

1. We have formed the Nicaraguan Youth Coordinating Board as a civic-political organization which by uniting the forces of the youth, will lessen our people's sacrifice and struggle for peace, justice, and liberty.
2. As a result of this, we give our full support to the Nicaraguan Democratic Coordinating Board, CDN, and to the Nicaraguan resistance document, which calls for a national dialogue to find a political solution of our conflict.
3. We make a patriotic call to all of the Nicaraguan democratic youth organizations to join us as we accept the responsibility of participating in our fatherland's liberation and democratization.

Published in San Jose, Costa Rica on 22 March 1985

Mario Torres R., Nicaraguan Democratic Youth

Alfredo Hernandez Vargas, solidarity of Nicaraguan Democratic Workers Youth

Jairo Sanchez Saenz, Nicaraguan Patriotic Youth

Leonardo Navarrete L, Nicaraguan Democratic Force Youth

CSO: 3248/308

PANAMA

BRIEFS

TECHNICAL AGREEMENT WITH BRAZIL--Brazil and Panama signed an agreement today for the implementation of technical cooperation in the oil field. The memorandum of understanding was signed at the Panamanian Foreign Ministry by Brazilian Ambassador Carlos Bettencourt Bueno, and Deputy Foreign Minister Jose Maria Cabrera. [Excerpt] [Panama City Televisora Nacional in Spanish 0000 GMT 27 Mar 85 PA]

CSO: 3248/310

PARAGUAY

LIBERAL PARTY OFFICIAL SUMMONED BY POLICE

PY211722 Asuncion ULTIMA HORA in Spanish 20 Mar 85 p 10

[Text] Jose Antonio Ayala, who is at the head of the efforts to unite the various factions of the Liberal Party, was summoned by the chief of the Public Order Department of the Paraguayan Police yesterday. He indicated that he does not know why he was summoned, or the reasons for the heavy guard which has been assigned to him and which follows him everywhere.

"During my meeting with Police Inspector Carlos F. Schreider, it was not made clear to me why I was being summoned, or the reasons for the strict police surveillance to which I am being subjected while in this capital," said Jose Antonio Ayala, who is seeking the unity of the Liberal Party and who was summoned to Police Headquarters yesterday.

Ayala explained that he is somewhat surprised at the strict control of his activities by security personnel. "Although this is not imprisonment, it makes me extremely uncomfortable, because I must report everything I do, what time I leave, where I go, what time I will come back, and other similar things."

The CONSULIP [expansion unknown] president added: "We are engaged in overt activities aimed at uniting the Liberal Party, so we have nothing to hide. This is what I told Inspector Schreider, emphasizing that we are trying to restore democracy in the country, something which will be possible if we attain an atmosphere of national coexistence. This can be done if the most powerful parties in the country join forces."

On the efforts to bring the Liberals together, Ayala displayed true optimism: "The timetable is being met to the letter, thanks to the work of the leaders. I believe in the victory of the people, but everything depends on the patriotism of the Liberals."

Ayala was planning to return to Formosa [Argentina] at noon today. The veteran Liberal leader did not specify when he intended to come back to Asuncion. A year ago he started his efforts to set up a council of Liberal Party militants of old standing to strengthen the idea of reconciliation among the Liberals.

CSO: 3348/591

PARAGUAY

STROESSNER DENIES MENGELE'S PRESENCE IN COUNTRY

AU091555 Paris AFP in English 1528 GMT 9 Apr 85

[Text] Munich, West Germany, April 9 (AFP)--The President of Paraguay, General Alfredo Stroessner, has strongly denied that the Nazi war criminal Josef Mengele was living in Paraguay.

In an interview with the West German weekly QUICK, to be published on Thursday, General Stroessner acknowledged that Mengele had lived in Paraguay until he was sought as a war criminal.

"When the courts began to look for him, the judiciary in Paraguay issued an arrest warrant, but he had disappeared from the country," he said. "If he is still here, which I categorically deny, the police have orders to arrest him."

Mengele, who would be 74 if he is still alive, was dubbed the "angel of death" by inmates of the Auschwitz concentration camp, on whom he carried out atrocious medical experiments.

The Nazi hunter Simon Wiesenthal recently declared that Mengele was living in a Mennonite community near the town of Filadelfia in Paraguay.

General Stroessner, whose ancestors are German, is to visit West Germany in July. His visit has already attracted criticism from both the opposition and the liberal Free Democratic Party (FDP), a partner in the ruling center-right coalition.

A spokesman for French Mennonites in Paris today denied that Mengele was being sheltered by the German protestant sect's community in Paraguay.

Pastor Pierre Widmer said the world organisation of Mennonites had carried out its own investigation on the spot and found no truth in the allegation.

He recalled that all the members of Mennonite communities set up after the Second World War had been persecuted for their religion under the Nazis.

"They are closed communities. Everyone knows everyone else. It is inconceivable that Dr Mengele could have stayed among them, even incognito or with a false identity," Pastor Widmer said.

The pastor speculated that Mengele could be the guest of a group of German refugees in the neighbourhood, who have nothing to do with the Mennonites.

PARAGUAY

BRIEFS

COLORADO STUDENT FACTIONS EXCHANGE INSULTS--After the decision made by the Colorado Party Executive Board to postpone the assembly of the Ignacio A. Pane student center became known, the sympathizers of the MIC [Movement of Colorado Integration] and of the MACU [Movement of Authentic Colorado University Students], one group on the steps of the Colorado Party headquarters, and the others across the street, carried out a verbal confrontation with insults directed at the main leaders. Later the police arrived to ask the university students to leave, a suggestion which was not obeyed. A fire department unit then arrived in an effort to break up the groups, an action which did not frighten the students, who began to sing "Dear Fatherland." The students then decided to leave the area, but Vilma Riveros, a third-year law student of the National University, was attacked when the students disbanded. [Text]
[PY271452 Asuncion EL DIARIO in Spanish 27 Mar 85 p 8]

EXILED WRITER SCORES STROESSNER--(NA)--Paraguayan exile Augusto Roa Bastos (one of the three persons forbidden to return to his home country) said yesterday at the International Book Fair that the "dictatorship of General Alfredo Stroessner is about to fall" due to the combined action of internal opposition and the growing process of democratization in Latin America. Roa Bastos, a leading representative of Latin American literature, said Stroessner remains in power "thanks to a U.S. loan of between 500 and 800 million dollars," but did not give further details. He pointed out that about "1.5 million people, or more than half the population, is living outside the country." [Text]
[PY101757 Buenos Aires BUENOS AIRES HERALD in English 10 Apr 85 p 7]

CSO: 3300/29

PERU

HAVANA QUOTES PERUVIAN PAPER ON AYACUCHO KILLING

PA070116 Havana International Service in Quechua 2200 GMT 1 Apr 85

[Text] EL DIARIO MARKA, which is published in Peru, has reported how 300 persons who had been listed as arrested in an Ayacucho Department town were murdered, reportedly by Peruvian marine forces under the command of Lieutenant Segundo Diaz, who had been assigned that mission.

It has been reported that this officer had been given the mission of organizing a concentrat-on camp in the region of (Sojto).

It is publicly known that the government ordered the military intervention of Ayacucho. The Marine Corp was made responsible for carrying out this order some years ago. The mission was to control the activities taking place in this department.

It is also known that last year several common graves were uncovered in the Huanta region. According to people from that area, the marines killed the people whose bodies were found in those graves.

Regarding the investigations on the death of eight journalists more than a year ago, it has been reported that the judicial authorities are trying to delay the findings for as long as possible to avoid sentencing the killers. No one has been sentenced in connection with this case yet.

CSO: 3348/566

PERU

BRIEFS

OIL EXPORTS DOWN--Lima, 20 Feb (EFE)--Peruvian Energy and Mines Minister Juan Inchaustegui today stated that Peru exports an average of 60,000 barrels of oil daily, but that this volume is on the decline and that an effort is being made now to increase the oil reserves. Inchaustegui stated that Peru collects nearly \$100 million on its oil sales to Japan and other nations. [Excerpt] [Madrid EFE in Spanish 0259 GMT 21 Feb 85 PY]

FISHERMEN TO CONTINUE STRIKE--The fishing activities in Peru have been paralyzed for 13 consecutive days and the steel workers in Chimbote are now on their fifth day of a general strike. The Peruvian fishermen are demanding better prices for their products and the steel workers are demanding more autonomy for their labor organization. Meanwhile, the fishermen affiliated with the Peruvian Fishing Services Enterprises have decided to extend their strike for 72 more hours and to go on an indefinite strike beginning next Sunday, if their demands are not met. The Peruvian Navigation Company workers have been on strike since 15 March and 800 workers of the Public Welfare Department have been on strike since 5 March. [Text] [Havana International Service in Spanish 1800 GMT 6 Apr 85 PA]

CSO: 3348/566

TRINIDAD AND TOBAGO

PAPER RAPS REGIONAL ANIMOSITIES, CALLS FOR FRIENDLY HAND

Port-of-Spain TRINIDAD GUARDIAN in English 16 Mar 85 p 8

[Editorial]

[Text] The fulsome tribute paid to Tom Adams by Prime Minister George Chambers in the House of Representatives on Thursday strikes another refreshing and positive note in the healing process following the Grenada crisis.

It seems to confirm the view that Mr. Chambers intention was also to bury the hatchet and get on with the business of regional integration when he accepted the invitation from Mr. Adams to visit Barbados for the opening of the Arawak Cement Factory sometime shortly.

We think this is as it should be. Our little part of the world is too small, too underdeveloped, too separated, too vulnerable, too troubled by insularity and our historic failure to unite in any meaningful partnership for us to harbour animosities among ourselves and our leaders to hold grudges and perpetuate estrangements.

Ours, in fact, is an area and a situation whose progress can only depend upon the highest quality of leadership and, indeed, statesmanship.

Personality

That both Mr. Adams and Mr. Chambers had apparently consigned the Grenada crisis to history and were about to reestablish a cordial relationship was a most encouraging sign, one which makes the sudden passing of the late Barbados Prime Minister even more painful and untimely.

In his tribute to Adams, the TT Prime Minister was both generous and candid. He recognised in his late colleague qualities which would certainly help to account for the stand Adams took in the Grenada crisis.

Mr. Chambers said: "He was strong-willed, holding to his belief and ideals with a tenacity which at times was little short of obstinacy, but was, nevertheless, always prepared to discuss or debate in a constructive fashion any position which he assumed.

Mr. Chambers added: "Tom Adams was popular and highly regarded in his own country, in Caricom and in the Commonwealth.

"In the international sphere he appeared to be happiest and at his best when weighty issues were being discussed, whether these were Caribbean in origin or involved in the broader issues of world politics and economics.

"We have lost a man of force, personality and importance at a critical juncture in the history of the Caribbean.

"Those of us left behind must rededicate ourselves to the task of improving the relationships among our countries in the Caribbean for the common good of our people.

"I am sure that Tom Adams's legacy would enable the Government and people of Barbados to continue to contribute handsomely."

If the way then is clear for a resumption of friendly relations between TT and Barbados, we think this should also be the case in the situation between TT and Grenada whose people are enjoying once again constitutional freedoms and a democratic form of government.

We expect then that Mr. Chambers will be true to his own counsel with respect to improving Caricom relationships by responding to Prime Minister Blaize's proposal for a meeting over this weekend in Barbados where Heads of Caricom will be visiting to attend Adams's funeral.

It is true that Mr. Blaize is due to visit Port-of-Spain some time later for discussions with Mr. Chambers, but their meeting in Barbados could provide a very useful occasion for dealing with a number of urgent matters, particularly the lifting of visa requirements for Grenadians to visit Trinidad and Tobago.

Friendship

We had expected that at least after the Grenada elections and the resounding victory won by Mr. Blaize and his centrist party, the TT government would see the need for dropping that discriminatory requirement, one which has lost the validity of its purpose and clearly violates the spirit, if not the letter, of the Caricom agreement.

The visa requirement was imposed as a result of the bloody October 1983 coup in which Maurice Bishop was killed. Ostensibly, it was intended to keep out Leftist sympathisers who may have been trying to flee Grenada during the crisis.

We see no need for maintaining such a measure which now only serves to further embitter the relations between Grenadians ourselves.

Instead, we should be holding out a hand of friendship and assistance to the government and people of the Spice Isle still in the difficult process of re-organising their administration and the various institutions of democratic government. This was the reason for the visit and the survey made by the Cross committee. But no action has been taken on its recommendations, one of which was to cancel the visa requirement.

VENEZUELA

TRADE AGREEMENT WITH SOVIET UNION VIEWED

Caracas EL NACIONAL in Spanish 15 Mar 85 p D-11

[Text] Venezuela and the Soviet Union yesterday signed a trade agreement that has been in the preparation stage for 2 years.

The agreement was signed by the minister of foreign relations, Dr Simon Alberto Consalvi, and the Soviet ambassador to Caracas, Dr Ivan Vialias.

The first article of the agreement states that the contracting parties "recognize the existence of conditions favorable to the expansion of trade relations between the two countries, and for that purpose, considering Venezuela's status as a developing nation, the signatories express their intention of promoting its non-traditional exports, and their desire to contribute actively to the development of trade and to use whatever means are available to further that objective."

In order to establish and develop trade between the two countries, the agreement states that the parties will trade lists each year naming the goods they are particularly interested in exporting to each other. These lists will be made public at the appropriate time.

The parties also agree to adopt the necessary measures to facilitate the signing of contracts between the competent agencies of the two countries for trading merchandise and supplying products in the short, medium and long terms.

Another clause in the approved agreement relates to prices; it is noted that the products to be supplied under the agreement shall be sold at current prices on the international market.

The parties also agree in the pact that they will reciprocally grant the necessary facilities to organize trade fairs and expositions with a view to promoting trade development between the two countries, in accordance with each country's legislation.

The agreement also contains a commitment to seek ways to involve the two countries' ships in the transportation of the goods to be traded under the pact.

The signatories also agree to set up a mixed working group that will meet at mutually agreed upon intervals for the purpose of examining the functioning of the agreement and making the pertinent recommendations.

The agencies responsible for coordinating and executing this agreement are: for Venezuela, the Foreign Trade Institute; and for the Soviet Union, the Ministry of Foreign Trade. The agreement has a term of 3 years, and can be extended for equal periods.

8926

CS0: 3348/523

VENEZUELA

REDUCTION IN 1985 INVESTMENT PROGRAM CAUSES CONCERN

Caracas EL UNIVERSAL in Spanish 7 Mar 85 p 2-1

[Article by Bernardo Fischer]

[Text] The 78.5 percent cutback in the non-budget investment program for 1985 will force the administration to revise the quantitative framework of the 7th National Plan.

The allocation of 3.877 billion bolivars for the official investment plan means a reorientation with respect to the public investment program originally projected for the 5-year term of the Lusinchi administration, which is to total 147.265 billion bolivars between 1984 and 1988.

The 7th National Plan calls for last year to be an adjustment period and for 1985 to mark the beginning of sustained economic growth. For this reason, the Office of Coordination and Planning (CORDIPLAN) drew up an explanatory document which it called a "blue book;" it is simply a reasoned explanation of the need to establish a fiscal plan taking into account the fact that last year there were enough resources as a result of the fiscal surplus.

In the public sector last year, Venezuelan Petroleum, Inc. had reserves totaling 19.394 billion bolivars; the shrinkage of the financial deficit of the principal non-financial enterprises of the public sector amounted to 80 percent of the 1983 deficit; and the central government also cleaned up its finances, with treasury reserves amounting to 12.153 billion bolivars, compared to 8.764 billion at the close of 1983.

The "blue book" adds to this the increase in the Central Bank of Venezuela's capital and reserves, resulting from profits on exchange transactions. This means that the consolidated public sector in 1984 obtained a financial surplus in the order of 7 percent, "in contrast to the 4 percent financial deficit of 1983."

All this indicated that the administration had enough reserves to expand its public investments, which made possible a stimulation of the national productive apparatus.

The 7th National Plan precluded the use of this alternative by the private sector as a consequence of the so-called "return of confidence." It was

rejected because it seemed very unlikely that many sectors of production would be able to expand their activity, considering the high percentage of underutilized capacity.

According to the "blue book," studies of the behavior of economic cycles in various countries conclude that gross fixed private investment becomes a factor in the acceleration of growth about six to eight quarters (a year and a half to two years) after the beginning of the recovery. In this regard, the private sector is not considered an invigorating variable in 1985, and the report points out that confidence should be accompanied by a stimulating market in order for investment to be carried out.

Resources Were Available

Before OPEC cut production and prices in October 1984 and January 1985, the Fiscal Plan was expected to function as a reactivating spark plug, and in keeping with that expectation a series of projects for public investment throughout the country was ordered according to priority, taking into consideration the criteria of generating employment, contributing to sectorial and regional development, using few imported components, and being linked effectively to the projects of the 7th National Plan.

The proposed fiscal policy had the following features:

- The financial surplus of the public sector was to be reduced to 1 percent this year.
- There would be an increase in liquidity, which in conjunction with stepped up economic activity would make it possible to stimulate credit activity and the savings capacity of the private sector.
- The exchange system would be maintained, thereby stimulating the export sector while promoting the domestic productive apparatus instead of imports.

A total of 18 billion bolivars was requested for the so-called Non-budget Fiscal Plan, funds which were supposed to come from a field of available resources amounting to 22.459 billion bolivars.

These funds were to be obtained in the following manner:

- 1) Reestimation of fiscal revenues: 3.803 billion bolivars.
- 2) Monies made available under item 40, the payment of the public foreign debt, which was calculated on the basis of an effective interest rate of 14.125 percent, while the real rate has been several points lower: 2.819 billion bolivars.
- 3) Uncommitted loans in the 1984 budget: 1.345 billion bolivars.
- 4) Uncommitted funds in the Treasury: 2.475 billion bolivars.

5) Triangulation of national mortgage bank bonds through the acquisition of mortgage bonds by the Social Security Retirement Fund: 2.017 billion bolivars.

6) Purchase of Venezuelan Petroleum, Inc. bonds: 3 billion bolivars.

7) Additional purchase of Venezuelan Petroleum, Inc. bonds: 5 billion bolivars.

8) Purchase of domestic public debt bonds by the Exchange Compensation Fund: 2 billion bolivars.

In total, the resources obtained through these means would reach 22.459 billion bolivars, a hefty sum that would permit the financing of the additional fiscal plan, and thus guarantee economic recovery in 1985.

Fiscal Plan Will Not Reactivate

The proposal to invest 18 billion bolivars in the additional fiscal plan was aimed at boosting the growth of the GDP by about 3.6 percent, considering that every 1 billion bolivars invested generated a 0.2 percent increase in productive activity.

The successive reductions made by the administration, however (first to 9 billion, then to 6 billion and finally to 3.377 billion bolivars), have minimized the potential stimulative effect of the program.

The 7th National Plan assumed that this plan would bring about steady growth of the GDP, totaling 3 percent in 1985, 4.6 percent in 1986, 4 percent in 1987 and 3.6 percent in 1988. Now the situation has changed, and the final result of this fiscal year is expected to conform to a so-called "austere" picture.

In fact, the administration has changed its projection of reactivation on the basis of public spending, leaving that responsibility exclusively to the private sector.

By cutting the investment program to 3.377 billion bolivars, with an additional financial investment of 1.526 billion, the total amount of resources available would be 4.906 billion bolivars, which would barely boost the GDP by 1 percent.

This turnabout in the economic recovery strategy has put the government in the position of having to take measures to inspire confidence in investment, but this is a slow process and its effects will not be apparent in 1985.

In any case, the main problem of this alternative is the pressure exerted by unemployment, which has been growing at a year-to-year rate of 3 percent.

One of the objectives of the additional fiscal plan was to create jobs during this crisis. Now, with the non-budget investment fund cut by 78.5 percent, the demand for labor will be severely limited.

Moreover, another positive effect of the additional fiscal plan was its dissemination throughout the country to guarantee sufficient distribution, especially in areas where private investors are not very interested in putting their money because of a limited market or distance from the major centers of consumption.

Now the revamping of the economy will have to be on a much more moderate scale than originally projected, and expectations for GDP growth will have to be adjusted to the country's new circumstances.

8926

CSO: 3348/523

VENEZUELA

POSSIBILITY OF ECONOMIC RECESSION UNDERLINED

Caracas EL UNIVERSAL in Spanish 8 Mar 85 p 2-3

[Commentary by Rene Quevedo Pachano]

[Text] The terrible, dreaded word "recession" has appeared in our economic annals for several years now, and if the repercussions have not yet reached their climax it is because we are still feeling the invigorating effects of the petrodollars, which have prevented a total undermining of the omnipotent state that wants to do everything and guarantee everything with its power and its still huge fiscal revenues.

Venezuela is undergoing a recession despite that supposedly all-powerful state. I say supposedly because our state is certainly potentially rich, but if nations can go bankrupt, Venezuela is unfortunately in that sad state. In fact, our nation is in arrears with its creditors, and that is indeed serious. Regardless of refinancing arrangements that have been made with them, whether good, bad or indifferent, whether acceptable, feasible or binding, the effects on our state-heavy economy are considered a priori to be too damaging. They bring us to a doubly dangerous crossroads or dilemma: to adhere or not to adhere. If we do adhere to the refinancing plans, we slow down our economy even further, because recovery will not be possible (IMF), nor will there be confidence or a return of capital. If we do not adhere, the consequences will be obviously chaotic for the insolvent state.

Clearly Venezuela is still in a serious, uncertain and dangerous situation. These are not empty words, the fruit of an active imagination or undying pessimism; and of course we must bear in mind that we are speaking of a static situation, not dynamic. If it were dynamic, circumstances would be different. It is precisely that dynamism that all economic policies and national agreements should aim for. We gain nothing from reformist theories (Decree 55) or philosophical scenarios elaborated by the Economic Commission for Latin America (ECLA) or by famous economists (7th National Plan) if we do not manage our resources, produce goods and services efficiently for the producing and consuming community, and export non-traditional products.

Let us understand each other completely from start to finish:

a) When we say that our state is bankrupt, if that is possible, it is because not only is it overextended in foreign indebtedness, but also in domestic

indebtedness. It owes more than \$30 billion abroad, and although that has been refinanced, it does not mean that the debt does not exist; it is just being paid over a longer period of time. The often hushed-up and almost unknown domestic debt (through bonds floated to generate unproductive money) is estimated at more than 60 billion bolivars for 1986, if the faculties of the so-called Financing Act (43.5 billion bolivars) are fully utilized. Clearly the prospects are not exactly promising or rosy, aside from considerations of the always gloomy international petroleum front.

b) Consequently, it would appear that we do not really have the highly touted Rich State, but a poor (indebted) state rich in potential. To emerge from its external and internal indebtedness requires heroic, intelligent and long-term measures (beyond the year 2000) that will not harm the workforce, which is caught in the middle.

c) Meanwhile, some 500 businessmen who claim to be Venezuelan are keeping \$35 billion abroad, according to the former minister of the Office of Coordination and Planning (CORDIPLAN), Luis Raul Matos Azocar. His assertion is backed up by two or three studies by specialized firms abroad, and has not been disproven so far. This money represents Venezuela's foreign debt. With that money deposited in accounts or invested in stock, Venezuela's entire foreign debt could be paid off if the government were to take a measure that served its own interests and declare a state of emergency, citing legitimately constitutional concerns of security and sovereignty.

d) The above considerations show that the wealth/capital situation has been reversed. The state, despite its huge size, has become impoverished, while the private sector has become wealthy simply by not investing in Venezuela but investing its money abroad instead, while the state becomes indebted for two overwhelming reasons: 1) the need to kowtow to a politically activist bureaucracy, and 2) the need to carry out some basic projects required by the national economy.

e) Examining or analyzing points a), c) and d), we conclude that the state (public sector) has already exhausted its capacity for investment and spending, and now it is up to another (the private sector) to contribute its full share, since it has always inherently benefited from public funds. If the state or government, exercising its sovereignty, were to freeze the foreign holdings of those Venezuelans to pay off the foreign debt and extend long-term certificates in bolivars, with interest, we would have a solvent state capable of beginning anew. But these Venezuelans may also decide to commit themselves to returning that \$35 billion from abroad voluntarily, and then the situation could change just the same. I venture to incline toward the first formula. That is what Bolivar would do to save the fatherland if he were alive.

f) If we do not do this, we would be forced to choose from among the following alternatives: 1) officially accept the "conditions" imposed by the IMF, with the well-known social consequences; 2) remain in the state of stagnation and economic recession for many more years; 3) devalue our currency further and create unproductive money; 4) resign ourselves to unceasing inflation; 5) declare ourselves officially in default; 6) paralyze some basic

projects; 8) undergo a dangerous famine among the people; 9) paralyze commerce, which the public's lack of liquidity is already hinting at; 10) suffer further decapitalization (observe the depreciation of government bonds—black market); and 11) jeopardize our democratic system (witness the experience of the nations to the south).

We are not and do not wish to be fortune tellers. Nor do we believe in "gurus." We have the means available to us. All we need is to take the appropriate steps. The solutions are at hand. Bolivar the Liberator provided the guidance.

8926

CS0: 3348/523

VENEZUELA

NEW APPOINTMENTS AT FOREIGN MINISTRY REPORTED

Caracas EL DIARIO DE CARACAS in Spanish 14 Mar 85 p D-14

[Article by Gustavo Wanlosten: "Consalvi Already Has His New Cabinet"]

[Text] It was not officially announced, but the new cabinet of the Foreign Affairs Ministry was appointed yesterday. Simon Alberto Consalvi had few words for the representatives of the mass media, but the changes leaked out anyway.

It was learned first that Simon Izaguirre, the former deputy minister of the Secretariat of the Presidency of the Republic, was replacing Cesar Salazar Cuervo as president of the Foreign Trade Institute (ICE).

The current deputy minister of foreign affairs will remain in his post, as we had reported. German Nava Carrillo will again be Simon Alberto Consalvi's deputy minister.

It was later learned that Pedro Serensen would take the post of foreign policy adviser and would also be in charge of Administrative Services.

Ruben Franco, who was part of the special mission on Grenada, which was almost bombed when the Americans invaded the island, has been named executive assistant to Minister Consalvi.

Anibal Felipe Valero will remain, but as director of Foreign Service at the rank of sectoral director general. Rear Adm Carlos Pulido Salvatierra will remain as director general of borders.

From now on, Edwin Chiniguez will head Administrative Services, and as we had announced, Rodolfo Molina will be kept on as head of protocol.

Jorge Daher Daher has also been reappointed as director of cultural relations (here we were wrong). Legal adviser Omar Zurita will also retain his post.

Gerardo Wills will head consular relations at the rank of advisory minister. Carlos Rivero will be assistant director for multilateral affairs, and Victor Carazao will be the assistant director for bilateral affairs.

Luis Eduardo Soto alvarez will also continue to head up the sectoral general directorate of foreign policy, and Freddy Christian will become director of cooperation, at the rank of sectoral director general.

Corridor Talk

It was overheard in the corridors of the Casa Amarilla that a decision is expected from the new foreign minister, Simon Alberto Consalvi, as to whether the presidents of Ecuador and Algeria will, in fact, be visiting our country.

It was also learned that the new foreign minister would be traveling to Barbados next Saturday the 16th to attend the funeral of Prime Minister Tom Adams. The same source told us that tomorrow the new foreign minister is scheduled to meet the diplomatic corps stationed in the country at a special ceremony.

The Foreign Ministers

Isidro Morales Paul yesterday turned the Foreign Minister over to Simon Alberto Consalvi, but not before making "a technical statement to newsmen."

"I made some statements about Guyana," the former foreign minister said, "to the effect that any negotiation would have to be divided into land and offshore discussions. Some people have criticized this, among them Mr Sureda Delgado, but he talked only about the land part. In any event, I want to stress that the two parts are important and they could be either big or small..."

Morales Paul then talked about the statements made by Forbes Burnham, the president of Guyana. "Now that I am free of political commitments, I would say that we should study his statements calmly. Venezuela should not react aggressively, because it is doubtful whether Burnham could have said anything different. But there are positive signs in his statement that ought to be given serious consideration."

As far as the issue of borders with Trinidad is concerned, Morales Paul said that he had practically completed the demarcation. With regard to the technical groundwork, he said that he was leaving behind major studies on Guyana and Colombia that will serve as baselines for the negotiators in both cases.

Morales Paul could not fail to mention the attacks of Alfredo Tarre Murzi. He stated that "Tarre Murzi called me because he wanted to remain on the UNESCO council. I told him that I would talk it over with the president, who unfortunately said he was opposed to the idea. When I told him about this, he (Sanin) said he was declaring a war to the death on me. I am saying this because I want the public to know about Alfredo Tarre Murzi's ethics." After Morales Paul had concluded his remarks, we learned that he was flying to New York, where he has an apartment, to rest and was then heading to Europe to work on the book that he has been planning to write.

VENEZUELA

CTV PRESIDENT TO DISCUSS ECONOMIC ISSUES WITH LUSINCHI

Caracas EL NACIONAL in Spanish 12 Mar 85 p D-6

[Article by Rosita Regalado]

[Text] As far as the president of the CTV [Confederation of Venezuelan Workers], Juan Jose Delpino, is concerned, unemployment and the prices of items of mass consumption have reached intolerable levels, and therefore the CTV, which has so far taken a moderate and even timid approach, will have to raise the issue with President Lusinchi and see what plans the government has to reactivate the country's production machine and create the jobs that are needed.

During a break at a meeting of American AFL-CIO leaders, Deputy Delpino agreed to talk with newsmen about the approach that the CTV will take towards the country's economic situation, in which unemployment and the prices of basic commodities are rising day after day, with no real answer to the problem forthcoming.

"The fact is that we have been talking for several years about the eroding wages of workers, about the attitude of management, which has not created a single job on its own, and about a Commission of Costs, Prices and Wages that has not been performing its real function and that has met only to raise prices. I admit that the CTV has been timid about raising these points. Now however, with the recent increases that the commission approved and with the figures that show that unemployment has not dropped, we are going to talk things over seriously with the president of the republic as soon as he delivers his message to Congress and announces his new cabinet.

"We want to know what plans the government has to reactivate the economy and how it plans to implement programs to create more jobs. We are going to listen once again, but just so that we can take our stand later on.

"The layoffs in civil service without a real certainty that these people would be rehired by private firms, worsened the unemployment situation in our country. And private business has shown its inconsiderate attitude by taking advantage of the situation. This forces us to apply pressure."

[Question] Are you saying that the power of the CTV has declined during this administration?

"I would say, rather, that the CTV has never had power. FEDECAMARAS [Venezuelan Federation of Associations and Chambers of Industry and Commerce] is the one with power. We are a pressure group and as such we will take action to achieve what the country's working class requires, because the sacrifices that the country's economic crisis has imposed have beyond question been unfairly apportioned, as the working class has borne a heavier burden than business.

"Moreover, we are thinking about whether we ought to remain on the Commission of Costs, Prices and Wages, because if it keeps on meeting just to raise prices, it is not performing the function for which it was created, which includes an analysis of costs and salaries. We would have no reason to remain on it if, just when it is supposed to start looking into the matters that are its province and that we are interested in discussing and taking a stand on, the representatives of business withdraw. Moreover, we have just one vote on the commission, and the government has all the rest. So we will also raise this serious problem at the meeting that we hope to have soon with the president of the republic."

Juan Jose Delpino indicated that although the CTV had already raised the matter, it should keep insisting that the government move to get the country's production machine going again, starting with a boost for the construction industry because of its proven ability to generate jobs and create wealth.

[Question] What sort of pressure is the CTV going to apply in light of the situation you have described, with not enough jobs and the prices of essential consumer goods rising?

"There is a wide range of pressure we could apply, even including strikes."

8743

CSO: 3348/521

VENEZUELA

NEW MEMBERS OF LUSINCHI'S CABINET DISCUSS ISSUES, PLANS

Caracas EL UNIVERSAL in Spanish 14 Mar 85 p 1-12

[Text] To the new minister of the secretariat, Carmelo Lauria Lesseur, the real success of a government team depends on a rational distribution of the ministries' functions.

Dr Lauria spoke with newsmen about the new functions that he will be discharging from his office in Miraflores Palace.

"In the Secretariat of the Presidency," he said, "I will be helping the president to run the country. That is what I think a secretary has to do and that is what I plan to do. I will merely be continuing to provide the support that Minister Simon Alberto Consalvi and his team gave the chief executive during his 1st year in office."

He was also asked about the rumors concerning changes in the Organic Law of the Central Administration, to the effect that his ministry would be taking on certain functions that it has not performed up to now. Won't this create problems? he was asked.

"The administration and the council that the president set up for government reform are discussing this plan right now," Minister Lauria replied, "and when the plan is submitted, you can rest assured that we will proceed in accordance with the instructions that President Lusinchí has given us."

He indicated that his ministry would proceed with two things in mind. First, a more efficient government, in the sense of cutting the fat out of spending and having more functional ministries. And second, the problem is not the number of functions a ministry performs; it has to do with a rational distribution of those functions to carry out the country's policies. "As you know, I have had experience in several ministries and I have seen for myself, through trial and error, that ministries have to be assigned functions that they can really perform. The true success of a government team depends not on an accumulation of activities but on their rational distribution."

Lastly, the new minister of the Secretariat of the Presidency, Carmelo Lauria, was asked about Deputy Jorge Olavarria's criticism of his appointment, but the question went unanswered.

Improvements in Public Services

"My commitment to the people of Caracas is to intensify the actions that Dr Lauria had been taking to improve public services and, especially, to wage a vigorous and unwavering battle against personal insecurity, which is plaguing all of the residents of our capital."

These were the words of the new governor of the Federal District, Miguel Angel Contreras Laguado, who emphasized that the commitment he has taken on with President Lusinchi and the people of Caracas is a vast one.

[Question] What specific measures will you take to deal with the personal security problem?

[Answer] I will announce those measures next week, after I am familiar with each of the measures that the pertinent agencies have been taking.
[end of answer]

He also asserted that he would provide dynamic leadership as governor. "This is something that I have promised President Lusinchi and the people of Caracas. We must not forget that Caracas has a young population, and I am assuming this risk as one of those young people, with all of its commitments, with all of its demands, and I will not have enough time to meet them all."

[Question] Will you continue the drive to get beggars off the streets of Caracas?

[Answer] Yes. We are going to continue this program firmly and resolutely because the community has welcomed it. [end of answer]

He was asked about the Federal District's limitations in collecting taxes. His reply was that "one of the programs that we have proposed has to do with the organization of the collection system, so that we can help provide additional funds for the Federal District Treasury, which are so badly needed for public services."

[Question] Will the street cleaning and garbage collection services improve in the capital?

[Answer] I am sure that they will. Tomorrow I have a meeting with the president of the IMAU, and the people of Caracas can rest assured that this will be one of my priorities. [end of answer]

He announced that his administration would look into the Caracas Lottery. "We are going to take a look at what this agency can do under the new administration and we will then disclose what we are going to do with the Caracas Lottery," he noted.

The Seventh Plan Has Not Ground to a Halt

"I don't see how people can say that the Seventh Plan of the Nation has ground to a halt, inasmuch as the way the government drafted it, it is subject to constant review, which is different," asserted the new minister of coordination and planning, Leopoldo Carnevalli.

He contended that flexibility must be the main feature of the Seventh Plan of the Nation, inasmuch as this makes work much easier.

[Question] What style will you impart to your ministry?

[Answer] I suppose it will be a bit calmer, because I am more impassive than my predecessor. [end of answer]

Welfare Policy

The new minister of health and social welfare, Dr Otto Hernandez Pieretti, announced that he would continue the social welfare policies that have been in place since the outset of this administration.

When approached by newsmen in the corridors of the palace and asked about his plans, he said the following: "I would point out to you that the government has a single, consistent health care policy, one that ought to be continued and bolstered in a bid for substantial improvements in this area."

When asked about certain health care centers that are having problems, the new minister replied:

"This is a problem that has been around for several years, the hospital problem. Our idea is that together with the entire team of hospital administrators, the entire health care team, we will try to streamline administrative procedures, especially with regard to the supply of medical equipment, which is an essential factor in all of these things."

[Question] How is the establishment of the National Health Care System coming along?

[Answer] The National Health Care System has been brought together through a commission that was appointed by presidential decree for that purpose and that has been chaired by Dr Luis Manuel Manzanilla. My feeling is that the studies in this regard are far along.

[Question] What do you think of the system in question?

[Answer] That's a hard question to answer. My understanding, however, is that the National Health Care System has moved quite far along. One of the first steps would be to bring together a series of agencies around the ministry and the Venezuelan Institute of Social Security and to gradually merge these two major structures.

[Question] What are you to do about the private health care services, which up to now have been the crux of the problem?

[Answer] I don't think that medical care can be divided into public and private. Medical care should be uniform. There cannot be a gap between public and private care.

[Question] But there is, in fact, a difference...

[Answer] There is, but what I mean is that at bottom they are the same thing. There might be administrative differences, but what the country is interested in is seeing its people cared for.

[Question] Will this system start up during your term of office?

[Answer] We will do everything possible to speed up the process.
[end of answers]

Science and Technology

One of the goals of the recently sworn in minister of state for science and technology, Tulio Arends, is to intensify the regionalization of science and technology.

Dr Arends was questioned by Miraflores Palace reporters about his plans for science and technology.

"One of the most important things is to intensify the regionalization of science and technology, so that some of the country's problems can be resolved this way.

"Moreover, I am in favor of having resident researchers. In other words, the government pays the researcher through the National Council for Scientific and Technological Research and places him in an institution that needs him and that, of course, promises to put him on its payroll if he works out."

In addition, Dr Arends said that he was in favor of using funds from international institutions for scientific research here in Venezuela.

8743

CSO: 3348/535

VENEZUELA

OPPOSITION LEADERS DISCUSS LUSINCHI'S ADDRESS TO CONGRESS

Caracas EL NACIONAL in Spanish 15 Mar 85 p A-4

[Article by Alirio Bolivar]

[Text] The first reaction of COPEI [Social Christian Party] to President Jaime Lusinchi's address to Congress is that his administration in its 1st year has not met the expectations that had been created in the Venezuelan people. Leaders of the other opposition parties voiced similar reactions.

Godofredo Gonzalez

The president of COPEI said that the chief of state took more than 2 hours to justify what he has failed to do and to try and convince the opposition that he is going to do what he promised during his campaign. As far as the Social Pact is concerned, the prominent COPEI leader said he was convinced that the current administration will be unable to bring it about.

"As for education, President Lusinchi asked: What is to be done? This indicates that he still doesn't know what has to be done in the area of education."

Eduardo Fernandez

The COPEI secretary general summed up his thoughts in these two remarks: the country is not moving forward, and we are not living better. COPEI will instruct its congressional bloc to promote a debate in the National Congress on the president's message.

As he left the rostrum, President Lusinchi did, of course, greet Eduardo Fernandez with particular courtesy. Though he was in a hurry, he spent quite a bit of time with the COPEI secretary general, with whom he held a conversation that unfortunately this reporter did not catch.

"We want to stress the point," Fernandez added, "that the economy has not been reactivated. Unemployment is higher than ever, the

cost of living has tripled, and the president tells us melancholically to be patient, but you can't buy things with patience. Lack of personal safety is a problem that is growing alarmingly, while President Lusinchi insists that it has been taken care of. Finally, I must add that we were promised a short speech and we got a long one; we were promised a different sort of speech and we got a routine one. We are going to have to wait until the next presidential term for a different, truly thought-provoking speech, as befits a chief of state.

"The chief executive mentioned one positive point that I want to emphasize: Venezuela can overcome its crisis. We hope that the call is for national unity, not the Social Pact, because that would be like trying to raise the dead. We need a policy of national understanding with a very clear determination of what the country's goals are in these times."

Radames Larrazabal

The PCV [Communist Party of Venezuela] leader described the speech as very pragmatic because it was no different from other annual presidential messages. "In this instance, Dr Lusinchi tried to make the country understand that a recovery is possible. Nevertheless, a recovery is unlikely under recessionary policies."

The PCV backed the administration's foreign policy on the Contadora Group but feels that the outlook is not bright for this year.

Fernando Alvarez Paz

The head of the MEP [People's Electoral Movement] congressional bloc said that President Lusinchi is trying to deal with the disaster that the previous administration left behind in a way that benefits capital and harms the workers. "I feel that the president cannot keep talking about a recovery unless he presents specific economic policies aimed at growth with redistribution, because this is the only way to stimulate aggregate demand and restructure investment and supply. In short, the president has tried to revive something that was stillborn, the Social Pact."

Pompeyo Marquez

The president of MAS [Movement Towards Socialism] said that some major announcements were expected, especially in the economic and social arena. Thus, the suspense that had been created was left hanging.

"It makes no sense to revive the Social Pact in the way that the president presented it, because the facts show that the country needs something more. Oddly enough, the Seventh Plan of the Nation talks of a new political alliance that will determine the problems to be resolved under an exclusive new accord between the government, the Venezuelan Federation of Associations and Chambers of Commerce and Industry and the Confederation of Venezuelan Workers."

END

END OF

FICHE

DATE FILMED

2 May 85